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National
Foreign
Assessment
Center

Economic Intelligence Weekly Review

24 August 1977

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24 Aug 1977

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ECONOMIC INTELLIGENCE WEEKLY REVIEW

24 August 1978

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PORTUGAL: BIG ECONOMIC PROBLEMS AWAIT NEW GOVERNMENT

Portugal's next government, whether a cabinet of technocrats under political independent Alfredo Nobre da Costa or some other grouping, will be hard pressed to cope with unemployment, inflation, and a sizable current account deficit. While Lisbon has warded off a foreign exchange crunch by borrowing from foreign governments, even under favorable circumstances, it will be back at the credit windows next year.

The potential for boosting foreign exchange earnings is limited. Political/social problems discourage foreign investors, and export growth is hampered by rising

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protectionism and weak demand in world markets. Contractionary policies aimed at slowing imports would raise unemployment from the present high level and further depress real wages, which declined about 15 percent last year. The Communists, who have a powerful base in organized labor, could play on these developments to fan discontent. On the other hand, failure to reduce the current account deficit would eventually lead to a payments crisis.

Accumulating Problems

Since the 1974 "revolution," Portugal has been plagued by three major economic problems: outsized current account deficits, rapid inflation, and high unemployment. The six provisional governments that ruled Portugal in the first two years after the revolution were ineffective in confronting the first two problems and made only limited gains against unemployment. Although the first constitutional government, a minority Socialist government led by Mario Soares, enacted a long list of stabilization measures in 1977, some steps were too cautious, and others were not fully implemented. Political and social unrest and bureaucratic inefficiency undermined the effort.

The current account deficit remains the principal economic constraint. Last year, an increase in imports due to higher consumer demand, quickening industrial activity, and another crop failure (stemming from bad weather and political turmoil) raised the current account deficit to \$1.5 billion despite substantial gains in earnings from tourism and worker remittances. Notwithstanding Lisbon's efforts to slow imports, the merchandise trade deficit reached \$2.5 billion, compared with \$2.1 billion in 1976.

Persistently high current account deficits have reduced Portugal's international reserves and have caused external debt to mount. The Bank of Portugal has been selling gold for the past year. While remaining holdings of about 700 tons are worth \$4.5 billion at a price of \$200 per troy ounce, about one-third of Lisbon's gold has been pledged as collateral to secure foreign loans. Foreign exchange reserves amounted to \$269 million at the end of June.

Foreign debt, of small concern before the 1974 revolution, totaled \$4.6 billion by yearend 1977. Last year the cost of debt service equaled more than 25 percent of earnings from exports of goods and services.



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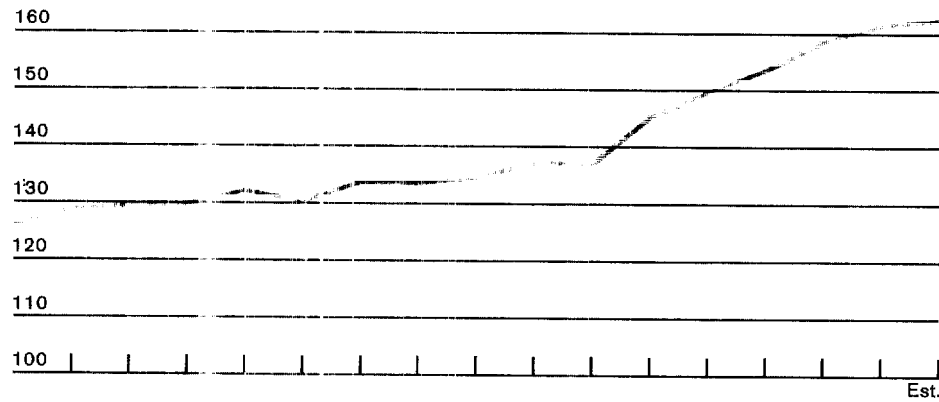
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Portugal:

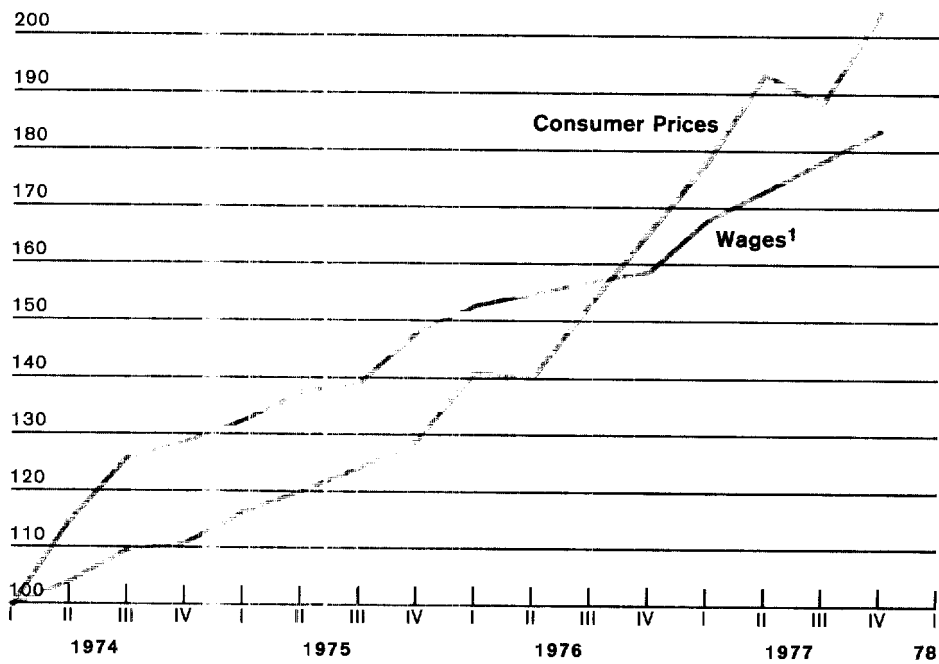
Industrial Output

170 Index: 1970=100, seasonally adjusted



Wage and Price Trends in Lisbon

210 Index: 1974 I=100



¹ Industry and transport workers.

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Portugal: Current Account

	Million US \$				
	1973	1974	1975	1976	1977
Trade balance	-908	-1,989	-1,670	-2,094	-2,530
Exports, f.o.b.	1,855	2,288	1,935	1,814	2,031
Imports, f.o.b.	2,763	4,277	3,605	3,908	4,561
Of which:					
Oil	188	584	541	644	762
Net services and transfers	1,257	1,165	853	867	1,036
Of which:					
Net transfers	1,1104	1,110	1,037	973	1,136
Net tourism	322	258	101	186	270
Current account balance	349	-824	-817	-1,227	-1,494

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The coalition government, which fell in July after six months in office, was able to address economic affairs only long enough to sketch out a program for reducing the current account deficit to \$1 billion in 1978 while limiting inflation to 20 percent. This was to be accomplished through a more selective credit policy and a more careful review of public spending proposals. Consumption was to be curbed by tax increases and wage controls. Production and employment were to be shored up by the expansion of public investment and incentives for private investment. Investment in export industries was to be given top priority. To carry out this strategy, the two ill-matched governing parties would have had to reach agreement on a series of concrete measures. This thorny process was never completed.

Recent Economic Developments

The current account deficit for first half 1978 was \$800 million, up just 1 percent from the same period in 1977. Deterioration in the trade account was offset by a 20-percent gain in worker remittances, to \$651 million, and a 28-percent jump in tourist receipts, to \$125 million. With strike activity down, industrial production was nearly 10 percent greater in the first four months of 1978 than a year earlier. Nevertheless, unemployment, which recently has been estimated as high as 12 to 15 percent of the labor force, still constitutes a particularly volatile element in the political tinderbox. Prices rose 21.5 percent over the 12 months ending in April 1978, compared with a 33-percent rise in the 12 months through April of last year. A major factor in the improvement was a 15-percent ceiling on public sector wage increases, which was fairly well enforced and widely emulated in the private sector.

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Lisbon has scored several notable successes this year in its quest for foreign loans, largely because of favorable response to the political moderation of the second constitutional government and its moves toward economic stabilization. Private West German banks will provide \$150 million, and US banks are weighing a \$300 million credit accord. France has offered over \$90 million in investment credits.

Economic and Political Problems Intertwined

The solution of Portugal's economic problems seems to demand a stable political situation and a firm hand from Lisbon. Yet high unemployment and rapid inflation contribute mightily to political instability. Future governments, whatever their political makeup, will be under the economic gun to move forward on measures to reduce the current account deficit. In pursuing this path, they may have to brave reaction by the Communists, who can exploit any negative short-term impact on real wages, consumption, and employment to gain political advantage. On the other hand, potential foreign lenders will quickly disappear if Lisbon falters.

Regardless of political developments, the outlook for appreciable growth in real GNP and reduction of unemployment appears bleak for the coming year or so. A strong government likely would try to encourage investment while curbing consumption and imports, but the net impact on demand would be restrictive. While its efforts would attract some financing from abroad, the rebuilding of investor confidence would take time. A more permissive government would allow consumption and imports to continue rising, precipitating a balance-of-payments crunch. Foreign lenders and private investors would be scared away, and the government probably would clamp a lid on state investment to slow the rise in prices and imports.

If Lisbon can avoid developments that would cut off foreign credits already in train, it will be able to cover its external financing requirements well into 1979 without further large gold sales. Lisbon, nevertheless, will be seeking large loans next year even if (a) a new government moves resolutely ahead with stabilization measures and (b) agricultural recovery cuts the need for food imports. Debt service is a growing burden, and the trade deficit cannot be shrunk to manageable proportions overnight.



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THIRD WORLD: RISE IN MILITARY PURCHASES *

Global arms sales to the Third World ** climbed to an estimated \$22.4 billion in 1977 as sizable orders by Iran and other Middle East clients reversed a two-year

Third World: Arms Purchases		
	Billion Current US\$	Billion 1976 US\$ ¹
1974.....	21.3	25.3
1975.....	19.5	20.8
1976.....	19.5	20.6
1977.....	22.4	22.9

¹ Communist sales valued at US costs.

slump. If Communist sales are valued at US costs and if sales by all countries are converted to 1976 US dollars, the dollar series is raised, most notably for 1974.

On the buyers' side, Iran and Saudi Arabia continued to dominate the market in 1977, purchasing 45 percent of the arms sold to Third World countries. Algeria, Iraq, Ethiopia, India, and Argentina accounted for another 20 percent.

As for suppliers, the USSR, France, and West Germany substantially increased their Third World arms sales in 1977, in both absolute and percentage terms. The United States, while remaining the single largest supplier, saw its sales decline by 6 percent. Compared with sales by other countries, US sales included proportionately larger shares devoted to support and associated services. In the support category, US sales surpassed those of the USSR (the second largest arms supplier) by 75 percent; in associated services, the ratio was 8 to 1. As for weapon systems, the spread between US and Soviet sales was narrower, with US sales only 15 percent higher. (These comparisons are based on the adjusted data.)

Actual deliveries of military items by all sellers to the Third World continued their rise of recent years. Once again the USSR responded more quickly than other suppliers in following up sales with deliveries. At yearend 1977 the Soviet order backlog stood at about \$5 billion, while the backlog of other suppliers had mounted to \$50 billion, including \$30 billion for the United States. The five top Third World recipients of foreign arms in 1977 were Iran (\$2.7 billion), Saudi Arabia (\$2.1 billion), Israel (\$1.1 billion), Iraq (\$1.0 billion), and Libya (\$0.8 billion).

** For the purpose of this article, the Third World is defined as including the following: (1) all countries of Africa except South Africa; (2) all countries of East Asia except Hong Kong and Japan, and Cambodia, Laos, and Vietnam, which became Communist countries in 1975; (3) Greece and Turkey in Europe; (4) all countries in the Middle East and South Asia; and (5) all countries in Latin America except Cuba.

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Third World: Arms Deliveries		Billion US\$
1974.....		7.8
1975.....		8.6
1976.....		11.2
1977.....		13.2

Looking ahead for the next several years, we expect the Third World arms market to level off in dollar terms and perhaps drift downward in real terms: (a) the leading clients have huge backlogs of orders and, in some instances, find it hard to digest the existing flow of arms, and (b) a number of Third World countries face increasing financial problems--for example, in managing their debts and marketing their raw materials at good prices. We note that the USSR and West European suppliers are taking vigorous steps to maintain sales in what may well prove to be a stagnating market.

* * * * *

ARGENTINA: NEXT EXPORTER OF NUCLEAR POWER PLANTS? *

By the early 1990s, Argentina should be technically capable of exporting a complete nuclear power plant of the CANDU heavy-water, natural-uranium type, including ancillary fuel-fabrication services. If it exercises this capability, it will join the small group of major industrial states now supplying power reactors. Among LDCs, only India stands a chance of matching Argentina's progress.

Nuclear Background

Argentina's nuclear effort began in 1950 as part of the Peron government's drive for primacy in Latin America and the Third World. All subsequent governments have supported the program, which fits the average Argentine's view of his country as the natural leader of Latin America in terms of scientific and technical achievement. The cost of the program has never been seen as particularly onerous, largely because Argentina started early (from an already good scientific and industrial base) and stretched the work out over a long period.

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With nearly 30 years of experience in nuclear science and engineering, Argentina has developed a sizable cadre of competent nuclear personnel. Since the founding of the Argentine Nuclear Energy Commission (CNEA) in 1950, the country has established several nuclear research and training facilities and now has the only operating nuclear power plant in Latin America. Its first research reactor, designed and built entirely by Argentines, was completed in 1958. Construction of the first power reactor began in the mid-1960s, with completion in 1974.

Technical Capabilities and Progress

Argentina has drawn heavily on its own resources in building its nuclear power plants:

- It supplied engineering services, materials, hardware, and labor amounting to 40 percent by value of its first power plant, completed under contract with Siemens A.G. of West Germany.
- Buenos Aires is supplying inputs equal to 50 to 60 percent by value of its second plant, now being built under a contract with Atomic Energy of Canada, Ltd.
- We expect Argentina to supply as much as 60 percent of the equipment and 90 percent of the engineering and installation work for a third power plant; negotiations are under way with Canada and West Germany. The foreign contractor will have to supply pressurizers, automatic refueling equipment, and giant turbines.



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Touching Base Abroad

As Argentine capabilities have grown, Buenos Aires has begun to export nuclear technology and equipment to other Latin American nations. The nuclear relationship

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Argentina also is providing a research reactor and a uranium ore treatment plant to Bolivia and has signed nuclear supply and cooperation contracts with Uruguay and Ecuador. Cooperation agreements with several other Third World countries may eventually lead to further contracts. While these exports are being undertaken primarily for reasons of prestige and regional leadership, they are also necessary in order to make full use of Argentine productive capacity and trained manpower. We expect this trend to accelerate.

The Continuing Foreign Role

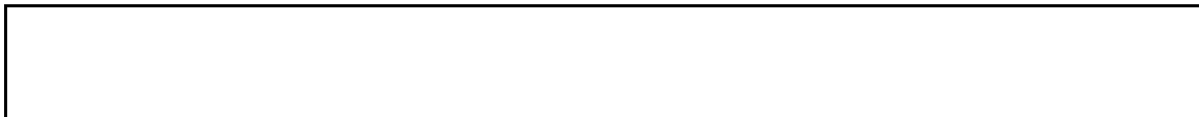
While developing its own capabilities, Argentina remains dependent on foreign support to master the technological skills needed to build its nuclear industry. Although substantial foreign help was—and is—required for Argentine nuclear power projects, Buenos Aires has been very successful in obtaining advanced technology from foreign contractors. We believe that these efforts will be equally successful in the future.

At present, Argentina is obtaining the necessary foreign technology primarily from Canada and West Germany. In current contract negotiations, it is insisting that the contractor provide the training and support needed to assure that it will ultimately be able to produce and assemble most components on its own. For certain other sophisticated items, CNEA plans to acquire the needed skills through bilateral nuclear cooperation agreements with such countries as Spain, India, and Italy, and by hiring foreign specialists.

Argentina's current foot dragging in formally adopting international safeguards has so far not seriously jeopardized progress in its nuclear program. However, Canada and West Germany are toughening their demands for safeguard clauses in both existing and future construction and supply contracts. Although Argentina has thus far resisted these demands, there is evidence it may soon give in to expedite negotiations on the third power plant.

Looking Ahead

About 1990, Argentina plans to start building a fourth heavy water power plant that is to be entirely Argentine-contracted and about 90 percent constructed and equipped from the country's own resources. Assuming continued foreign support, we see no reason why Argentina should not be able to carry out these plans.



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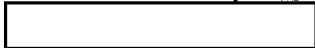
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Selling Nuclear Equipment

Over the next decade, the Argentine export effort will focus on research reactors and assistance to other LDCs in setting up nuclear research centers. Argentina also will likely step up assistance in uranium exploration, mining, and ore processing and concentrating.

Looking farther down the road, Argentina should by the early 1990s have achieved sufficient experience in nuclear construction and engineering and in producing high-technology equipment to consider exporting a complete nuclear power plant. It also might consider participating with an established nuclear supplier in selling a nuclear plant to a third country. Whether or not it will do so will depend heavily on how Buenos Aires evaluates the prestige to be gained from an export sale, which probably would delay by several years the construction of a fourth domestic nuclear power plant. If a market can be found, exporting would be a practical option since the country has ample unexploited hydroelectric potential.



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GLOBAL CURRENT ACCOUNTS: INDUSTRIAL COUNTRIES SWING FROM DEFICIT TO SURPLUS, OPEC SURPLUS DOWN *

We estimate that the OPEC current surplus will decline by \$17 billion in 1978, leaving a \$22 billion surplus. The industrial nations as a group should benefit most from this decline; their current account position, excluding the United States, will improve by an estimated \$23 billion, resulting in a \$21 billion surplus. Japan will be the major beneficiary, while the rest of the improvement should be widely distributed among most other industrial nations. The non-OPEC LDC current account deficit is

* In this article, current account balances cover goods, services (including reinvested earnings), and private transfers and can differ substantially from balances including official transfers. For example, with official transfers included, the 1977 US current account deficit would be higher by \$4 billion, the West German surplus would be lower by \$4 billion, the French deficit would be larger by \$1 billion, and the United Kingdom surplus smaller by \$2 billion.

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Global Current Account Balances ¹

	Billion US \$			
	1975	1976	1977	1978 ²
OPEC	36	41	39	22
Industrial countries (United States excluded) ³	-14	-17	-2	21
United States	22	9	-11	-11 ⁴
Non-OPEC LDCs	-34	-25	-22	-27
Communist countries	-11	-10	-8	-8
Total ⁵	-1	-2	-4	-3

¹ Goods, services, and private transfers.² Estimated.³ Western Europe (including Yugoslavia and Turkey), Canada, Japan, Australia, New Zealand, South Africa, and Israel.⁴ Assuming that asymmetries, errors, and omissions total roughly the same amount as in 1977, CIA estimates of foreign regional balances imply little or no change in the size of the US deficit.⁵ Different from zero because of asymmetries, errors, and omissions.

expected to rise by \$5 billion. The deficit position of the Communist countries will remain essentially unchanged.

We have not made an independent projection of the US current account position for 1978. Our projections of current account balances for foreign countries imply little change in the US current account deficit in 1978. This conclusion is consistent with most independent estimates for the United States.

The shifts in 1978 current account balances are being caused by:

- The slow growth in demand for imports by industrial countries as a group, which is linked to relatively slow economic growth and cautious stimulative policies.
- A frozen dollar price for OPEC oil, a worsening in the OPEC terms of trade as the dollar prices of OPEC imports rise, and generally restrained industrial country demand for oil.
- Weak prices for non-OPEC LDC exports, highlighted by declines for tea and coffee and sluggishness in prices for metals and minerals.

OPEC Countries

Data on the current transactions of the OPEC countries in 1978 are sketchy. The OPEC trade surplus for first quarter 1978 was \$9 billion against \$16 billion for first quarter 1977. Stable 1978 oil prices and reduced export volume, a rising services deficit, and an anticipated 15-percent rise in imports suggest a \$17 billion reduction in the OPEC current account surplus this year, to \$22 billion:

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- *Saudi Arabia's* surplus is expected to fall from \$18 billion in 1977 to \$10 billion in 1978 as expenditures for development of the country's nonoil sector continue to rise while oil revenues fall off.
- *Algeria, Venezuela, and Nigeria* should incur deficits of \$3 billion each as import demand remains strong.

Foreign Industrial Countries

The 1978 current account improvement for foreign industrial countries is expected to be widespread, with sizable increases in the surpluses of Japan and West Germany being accompanied by substantial reductions in the deficits of the smaller industrial countries:

- *Japan's* current account surplus, measured in US dollars, is expected to rise by \$9 billion, to \$20 billion. Through June 1978 Japanese import volume rose 5 percent over the same 1977 period; import prices were up only 2 percent in dollar terms, reflecting the importance of oil and food in the Japanese import mix. Exports showed no volume increase, and dollar export prices climbed 20 percent as a result of yen appreciation. So far, the "pass-through" effects of the yen appreciation on Japanese demand for foreign goods have been small. As a result, the Japanese current account surplus ballooned to \$21 billion at an annual rate in first half 1978.
- *West Germany's* surplus should rise by about 25 percent to \$10 billion, helped by a sharp reduction in the services deficit. The trade surplus through May 1978 was practically unchanged relative to the corresponding 1977 period, in the face of a 13-percent appreciation in the deutsche mark relative to the US dollar. Dollar export prices were 13 percent higher, while import prices rose 9 percent. Export volume climbed 4 percent against an 8-percent rise in import volume.
- The *United Kingdom* surplus may reach \$3 billion this year against \$2 billion for 1977, despite a disappointing first half performance characterized by flat exports and rising manufactured imports. Oil revenues are expected to pick up in the second half of this year.
- In *France*, sluggish domestic demand, an expanding services surplus, and prudent government policies are expected to reduce the deficit by close to \$2 billion.
- *Italy's* surplus should rise by more than \$1 billion, mainly from an improved trade performance.

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Selected Countries: Current Account Balances ¹

Billion US\$

	1975	1976	1977	1978 ²
Industrial countries (United States excluded) ..	-14	-17	-2	21
Big Six	1.7	1.0	19.5	34.7
Japan	-0.4	3.9	11.1	20.0
West Germany	7.7	7.7	8.0	10.0
France	1.1	-5.0	-1.8	Negl
United Kingdom	-2.8	-0.1	2.2	3.3
Italy	0.7	-1.7	3.8 ²	5.2 ²
Canada	-4.6	-3.8	-3.8	-3.8
Other	-15.7	-18.3	-21.6	-13.4
Of which:				
Australia	Negl	-1.0	-2.1	-2.7
Austria	-0.3	-1.5	-3.0	-2.5
Belgium/Luxembourg	1.2	Negl	0.1	0.2
Denmark	-0.6	-2.2	-2.0	-1.8
Israel	-2.9	-2.0	-1.5	-1.6
Netherlands	2.3	2.8	0.5	1.1
Norway	-2.3	-3.6	-4.6	-3.8
Portugal	-0.8	-1.2	-1.5	-1.0
Spain	-3.5	-4.3	-2.5	-0.3
Sweden	-1.1	-1.8	-2.7	-1.0
Switzerland	2.7	3.7	4.2	5.5
Turkey	-1.9	-2.0	-3.3	-1.4
OPEC	36	41	39	22
Of which:				
Algeria ²	-1.7	-1.6	-3.2	-3.4
Indonesia ²	-0.6	-0.3	1.3	0.5
Iran ²	3.9	6.4	5.9	3.7
Iraq ²	1.8	3.0	3.5	3.1
Kuwait ²	6.2	6.3	5.7	6.7
Libya ²	0.8	2.1	3.4	2.5
Nigeria ²	-0.3	0.1	-1.0	-2.7
Saudi Arabia ²	17.5	17.7	18.5	10.5
United Arab Emirates ²	4.3	5.1	5.4	4.1
Venezuela ²	2.8	1.3	-0.3	-3.0
Non-OPEC LDCs	-34	-25	-22	-27
Of which:				
Argentina	-1.3	0.7	1.3	1.0
Bangladesh	-1.0	-0.4	-0.6	-0.8
Bolivia	-0.2	-0.1	-0.2	-0.3
Brazil	-7.0	-6.6	-4.8	-5.0
Colombia	-0.1	0.2	0.4	0.4
India	0.2	0.8 ²	0.8 ²	0.4
Ivory Coast	-0.4	-0.2	-0.4	-0.7
Jamaica	-0.3	-0.3	Negl	-0.1
Kenya	-0.3	-0.1	Negl	-0.2
Mexico	-3.7	-3.0	-1.8 ²	-2.4
Peru	-1.6	-1.3	-1.0	-0.5
Philippines	-1.0	-1.1	-0.8	-1.0
South Korea	-2.0	-0.5	Negl	-0.3
Taiwan	-0.6	0.3	1.0	1.5
Zaire	-0.7	-0.3 ²	-0.3 ²	-0.2
Zambia	-0.6	Negl	-0.2	-0.3
Communist countries	-11	-10	-8	-8 ³

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- *Canada's* deficit is expected to be unchanged as an improved trade surplus is offset by a rising services deficit.
- Elsewhere in the industrial country group, austerity measures in *Portugal* and *Turkey*; policies emphasizing balance-of-payments corrections in *Austria*, *Denmark*, *Spain*, and *Sweden*; and oil exports, a devalued krone, and cautious demand management in *Norway* are expected to contribute to the reduction of payments deficits.

The Non-OPEC LDCs

Rising imports, weak export demand, and adverse movements in the terms of trade account for an expected \$5 billion rise in the non-OPEC LDC deficit. The expansion of imports reflects slightly higher LDC economic growth rates, an estimated 5.0 percent in 1978 against 4.7 percent in 1977. Because the increase in the deficit should be widely distributed, the increase of the burden on most LDCs will be moderate.

In Latin America, *Brazil's* deficit should grow by only \$200 million as the growth in exports of manufactures helps offset falling coffee prices, drought, and rising debt-service charges. *Mexico's* deficit will probably rise by approximately \$600 million because of mildly expansionary government policies and higher imports of oilfield equipment.

Among the Asian LDCs, *India* probably will see a decline in its surplus because of liberalized import policies. In contrast to the general LDC trend, *Taiwan's* surplus is expected to rise to \$1.5 billion, thanks to the growth in its share of world markets for manufactured goods. The combined deficits of sub-Saharan Africa, including *Kenya*, the *Ivory Coast*, and *Zambia*, will rise by at least \$1 billion as exports are dampened by the absence of a strong industrial country demand for primary commodities.

Communist Countries

The *Soviet Union's* current account deficit will probably remain near last year's level as Moscow continues to restrain hard currency imports. Import curbs are also expected to be behind an anticipated reduction in the combined deficit of the countries of *Eastern Europe*. In *China*, increased imports of agricultural products and of machinery and equipment should contribute to a reduction in the Chinese current account surplus.

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The Current Account Outlook

Because of an expected OPEC oil price hike in January 1979, continued improvement in the position of non-OPEC countries as a whole probably is unlikely for next year. If oil prices increase by no more than 10 percent, however, the shift in the current accounts of the industrial country and OPEC groups will probably be slight because of the ongoing rise in OPEC imports.

Within the industrial countries, economic policies in Japan and West Germany should contribute to reductions in their surpluses in 1979. Current stabilization policies in the smaller industrial countries should help reduce their deficits. Much will depend on exchange rate movements in the key currencies like the dollar, the yen, and the deutsche mark.

The combined current account deficit of the non-OPEC LDCs will probably worsen in 1979. Prices for LDC primary products exports probably will increase more slowly than prices for manufactured goods; the non-OPEC LDC terms of trade would worsen further with an oil price hike. The comfortable level of non-OPEC LDC international reserves—now equal to four months' imports—may encourage some of these countries to promote higher economic growth rates at the expense of higher current account deficits.

* * * * *

Note

Coffee Prices Buoyed by Brazilian Frost

World coffee prices jumped abruptly last week as a late winter frost and cold winds reportedly damaged Brazilian coffee trees. By the end of the week, prices were up 20 cents per pound, to \$1.50. Producers, some of whom withdrew from the market to await further developments, announced that a meeting would be held in Bogota this week to assess the impact of the frost on the market and to formulate strategy for next month's meeting of the International Coffee Organization (ICO).

Initial statements by the Brazilian Coffee Institute claim that 3 to 4 million bags will be lost from the 1979 harvest. The United States agricultural attache at Brasilia will tour the coffee-growing region in early September to make a damage assessment. Favorable weather in the next few weeks could help offset the effects of the frost.

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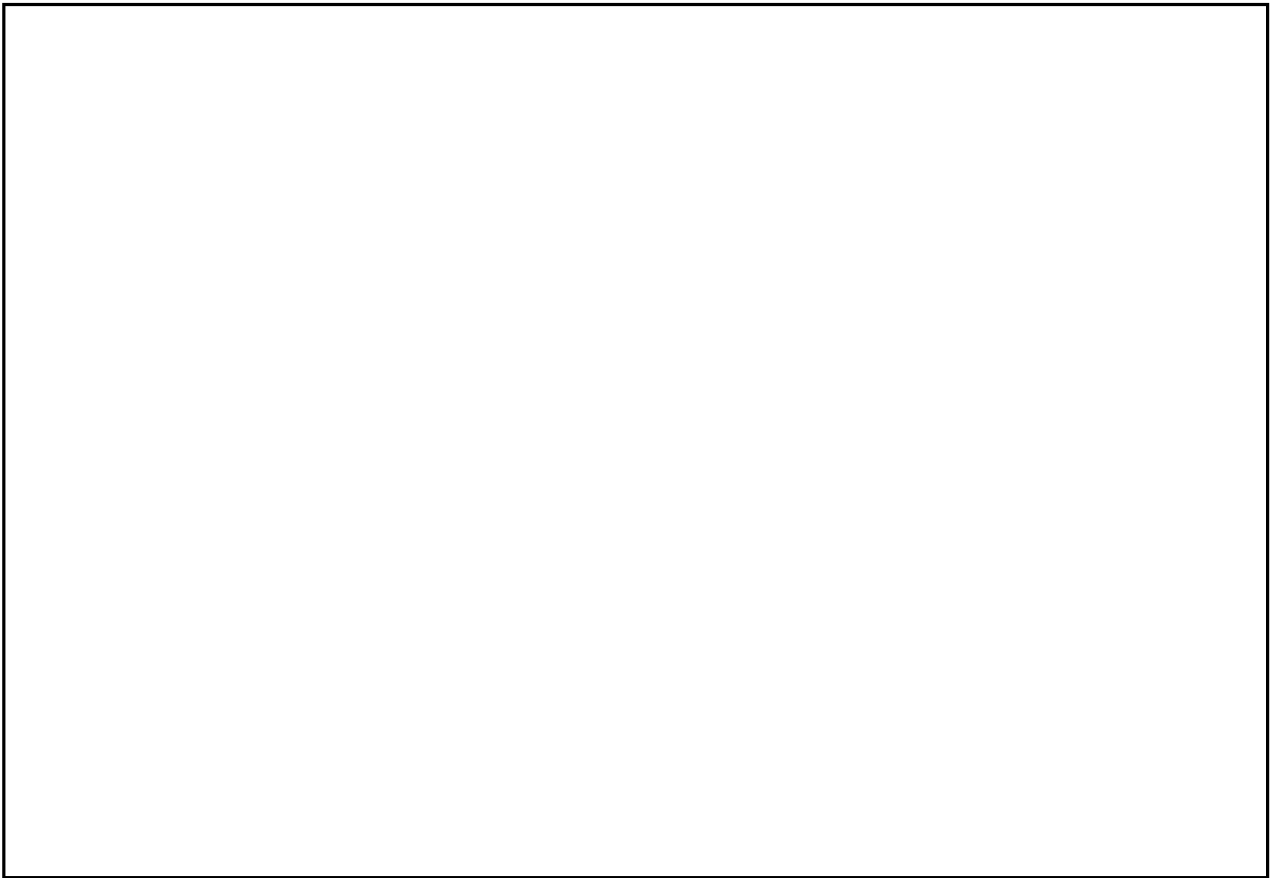
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The frost has given coffee producers a timely assist in their attempt to boost prices before the ICO session. Producers want to negotiate a higher trigger price under the International Coffee Agreement and activate quotas. The longer term outlook for coffee remains bearish due to large global supplies and sluggish demand.

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National
Foreign
Assessment
Center

Economic Indicators Weekly Review

24 August 1978

*ER EI 78-034
24 August 1978*

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FOREWORD

1. The **Economic Indicators Weekly Review** provides up-to-date information on changes in the domestic and external economic activities of the major non-Communist developed countries. To the extent possible, the **Economic Indicators Weekly Review** is updated from press ticker and Embassy reporting, so that the results are made available to the reader weeks—or sometimes months—before receipt of official statistical publications. US data are provided by US government agencies.

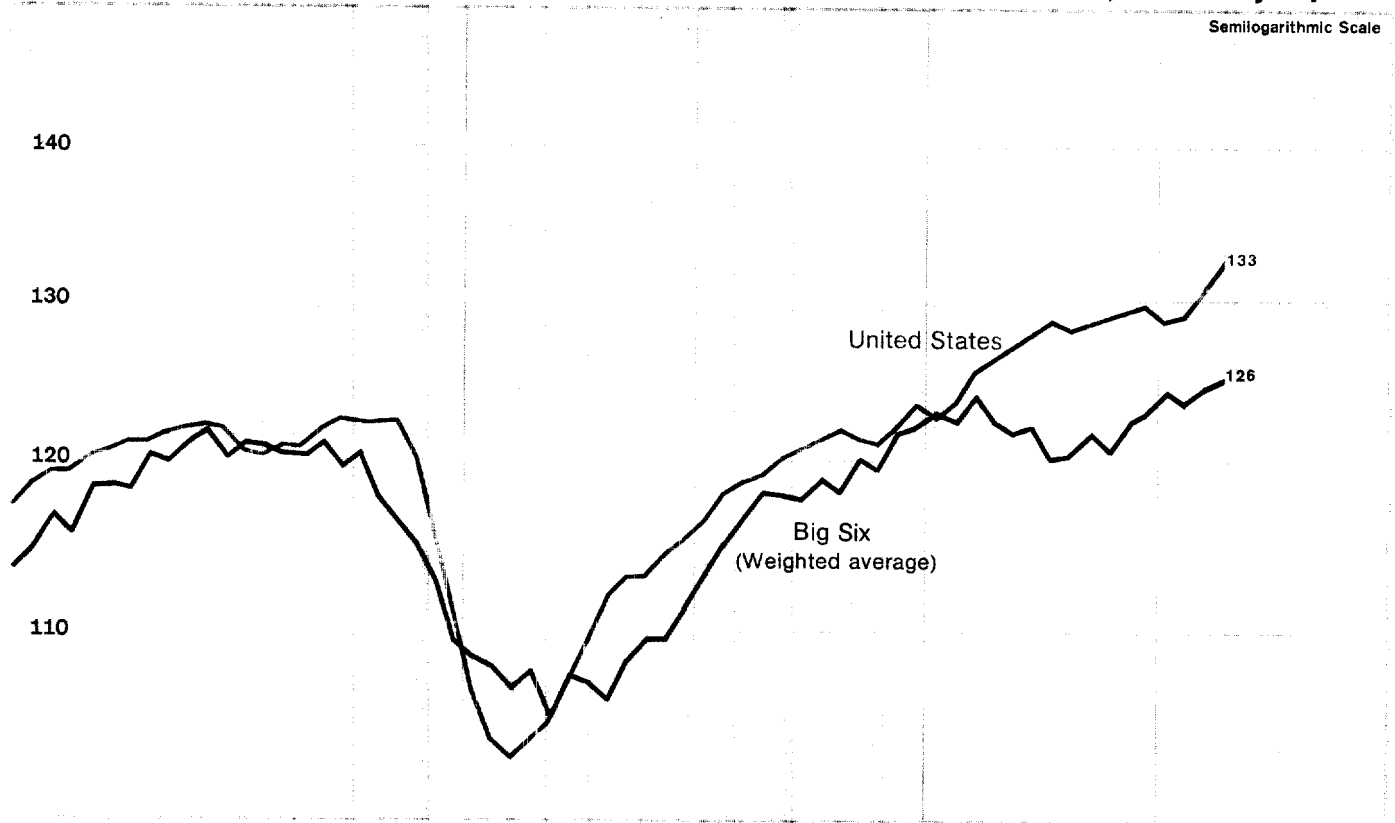
2. Source notes for the **Economic Indicators Weekly Review** are revised every few months. The most recent date of publication of source notes is 16 February 1978. Comments and queries regarding the **Economic Indicators Weekly Review** are welcomed.

BIG SIX FOREIGN COUNTRIES COMPOSITE INDICATORS

Industrial Production

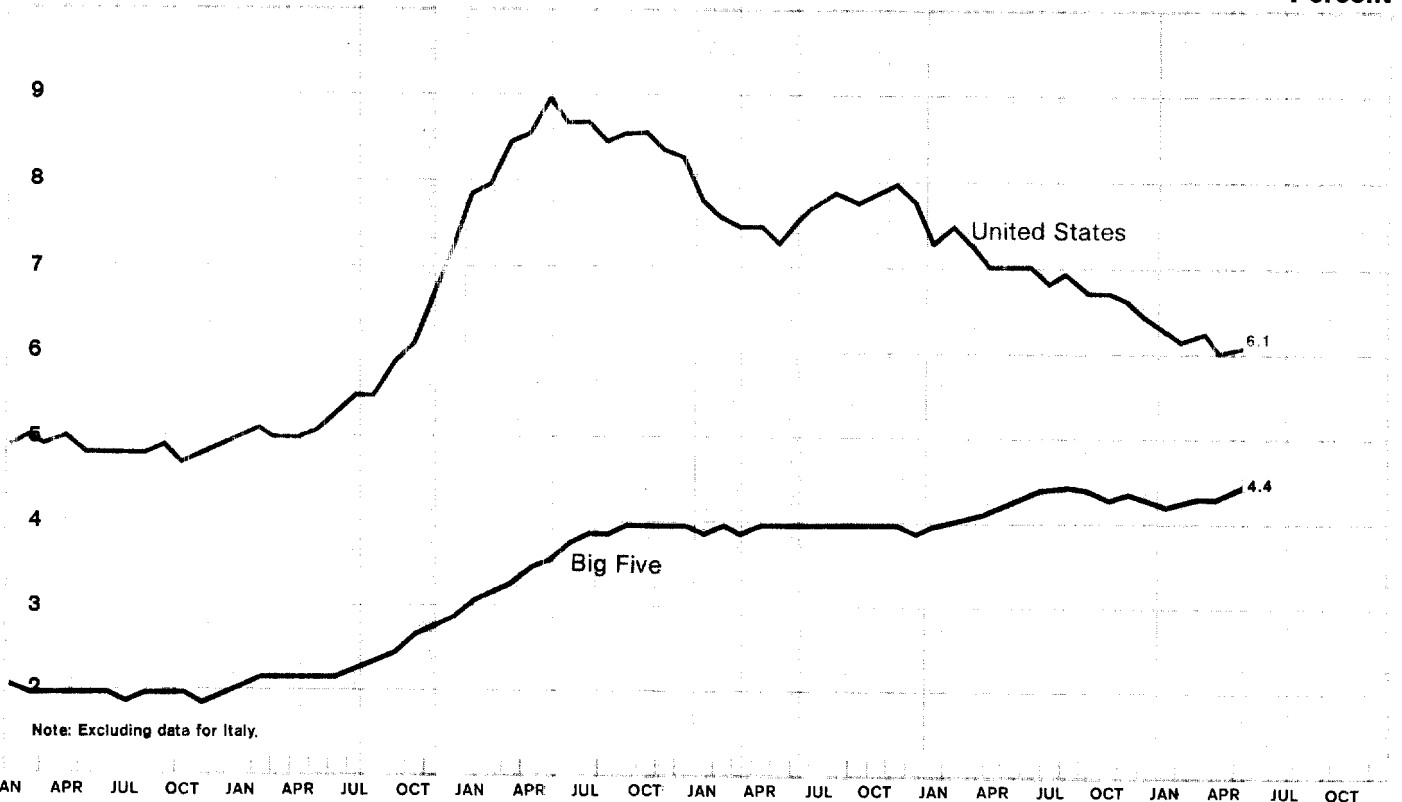
INDEX: 1970=100, seasonally adjusted

Semilogarithmic Scale



Unemployment Rate

Percent



Note: Excluding data for Italy.

JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT

1973

1974

1975

1976

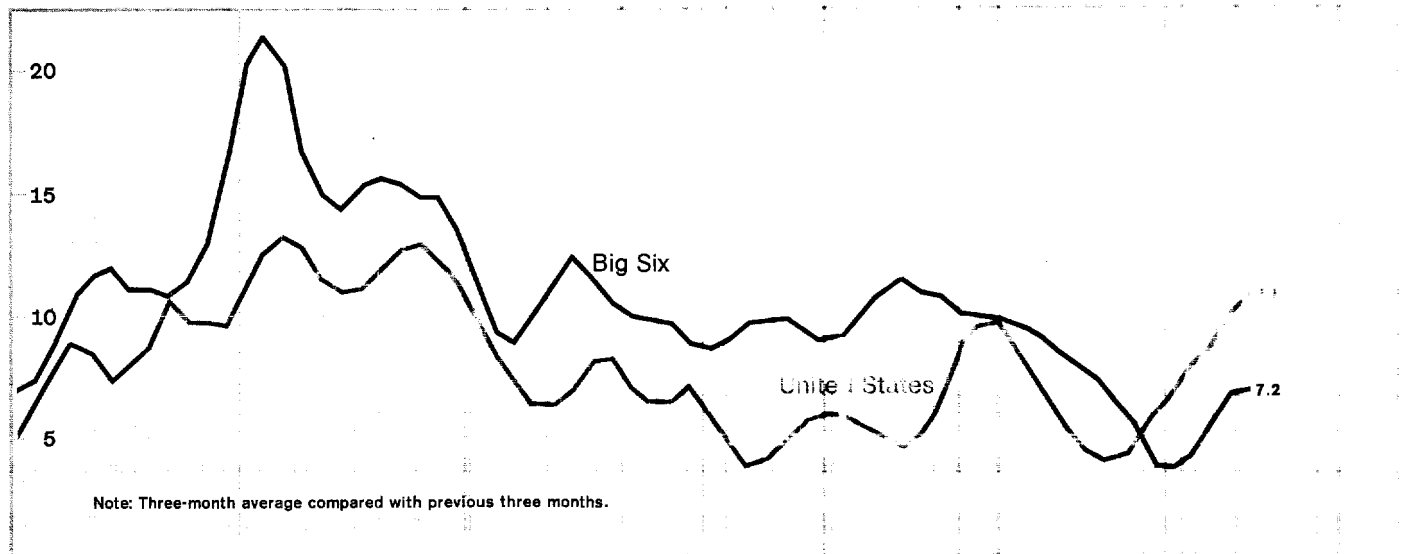
1977

1978

¹Including Japan, West Germany, France, the United Kingdom, Italy, and Canada.

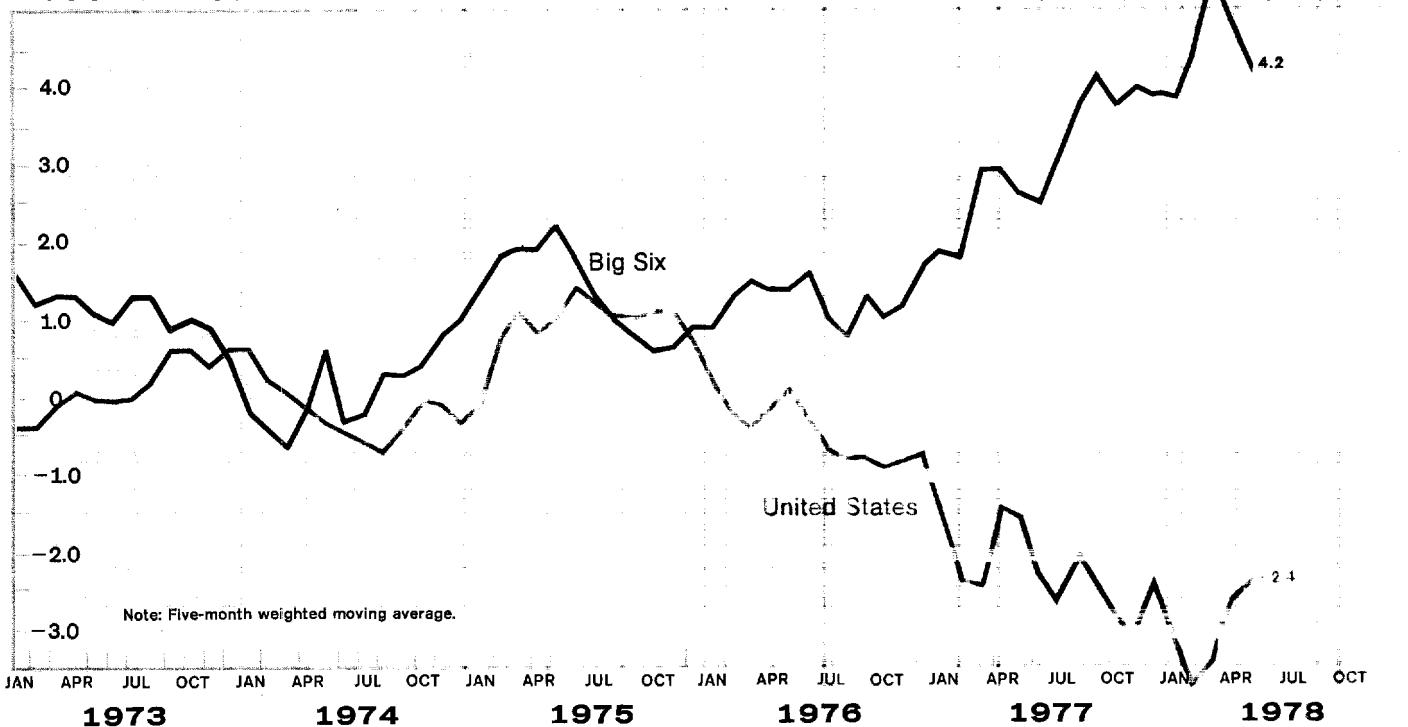
Consumer Price Inflation

Percent, seasonally adjusted, annual rate



Trade Balance

Billion US \$, f.o.b., seasonally adjusted

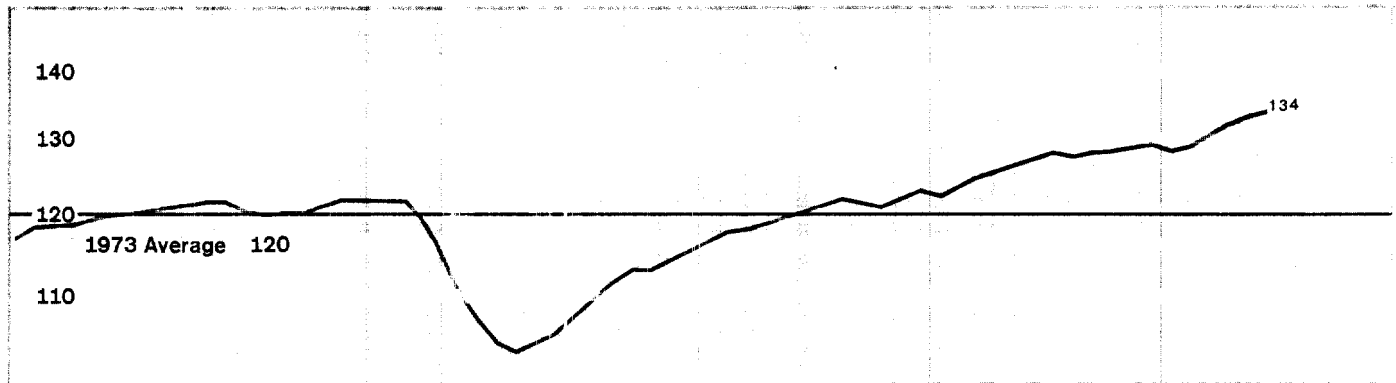


	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE			Unemployment Rate	LATEST MONTH	1 Year Earlier	3 Months Earlier
			1970	1 Year	3 Months				
				Earlier	Earlier ²				
Industrial Production									
Big Six	APR 78	0.6	3.0	3.0	4.2	Big Five	MAY 78	4.4	4.2
United States	APR 78	1.5	3.7	5.1	5.2	United States	MAY 78	6.1	7.1
Consumer Prices									
Big Six	JUN 78	0.6	9.2	6.2	7.2	Trade Balance			
United States	JUN 78	0.9	6.7	7.4	10.7				
							LATEST MONTH	CUMULATIVE (MILLION US \$)	
								1978	1977
									Change
							MAY 78	3,650	21,926
									10,873
									11,053
							MAY 78	-2,238	-14,771
									-8,280
									-5,991

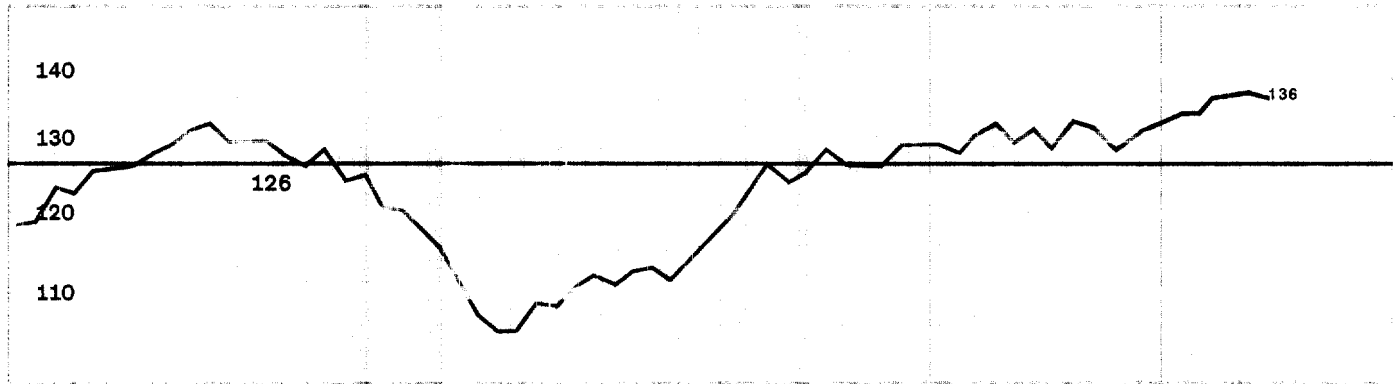
INDUSTRIAL PRODUCTION INDEX: 1970=100, seasonally adjusted

United States

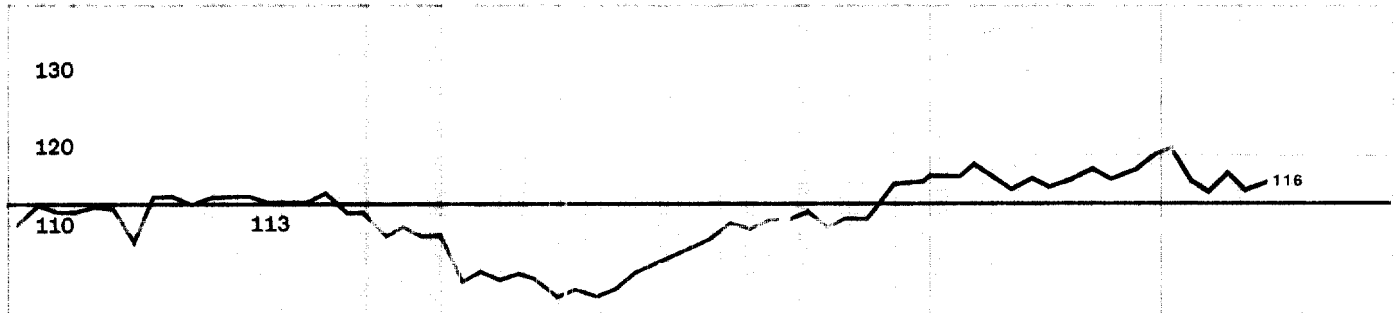
Semilogarithmic Scale



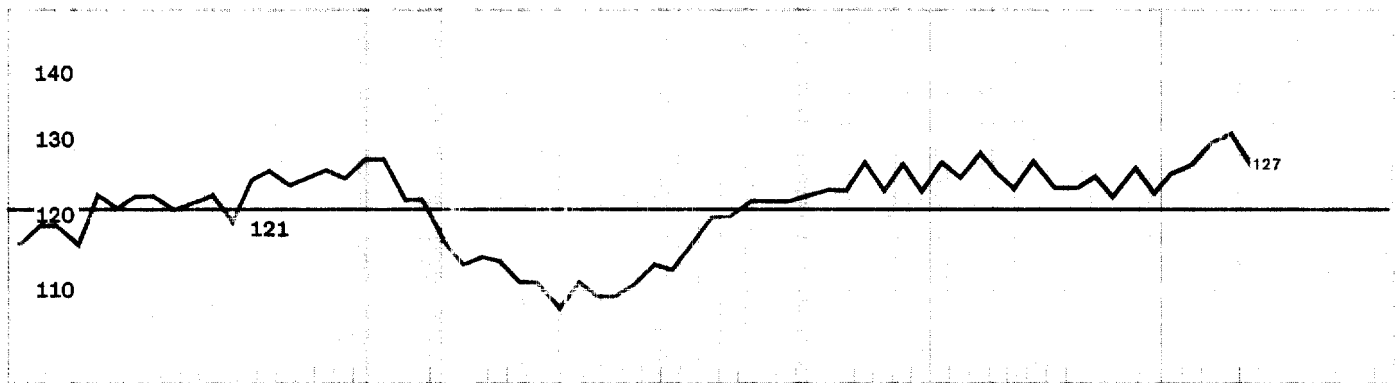
Japan



West Germany

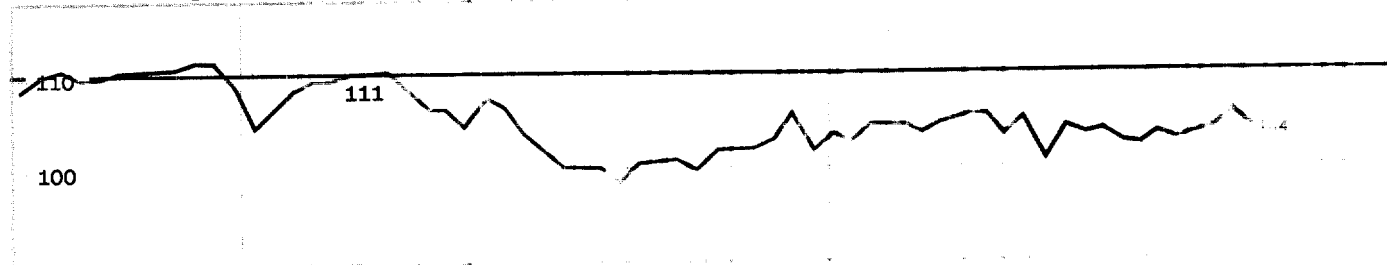


France

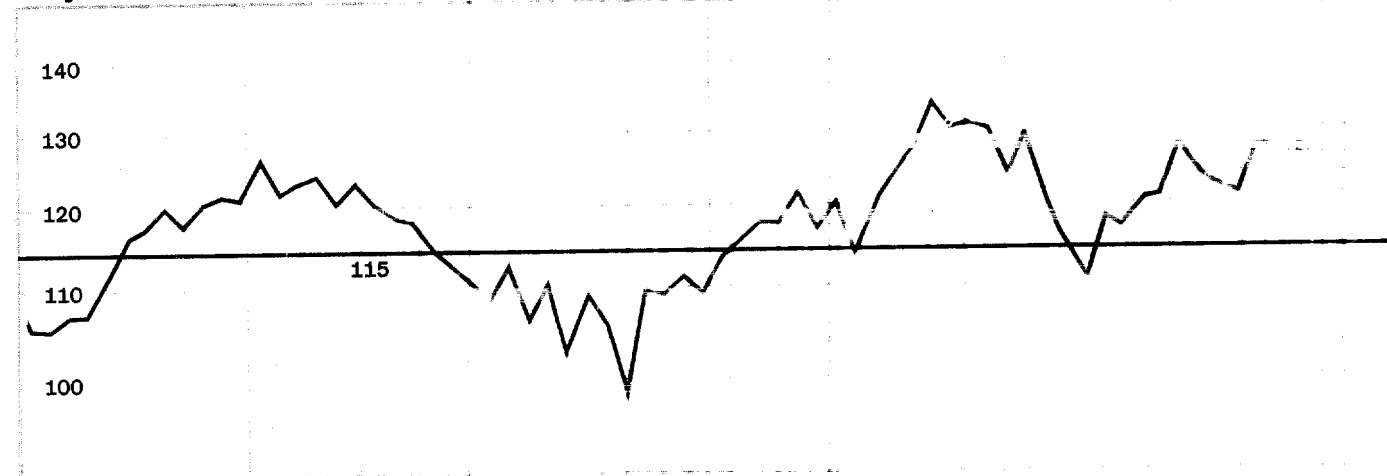


United Kingdom

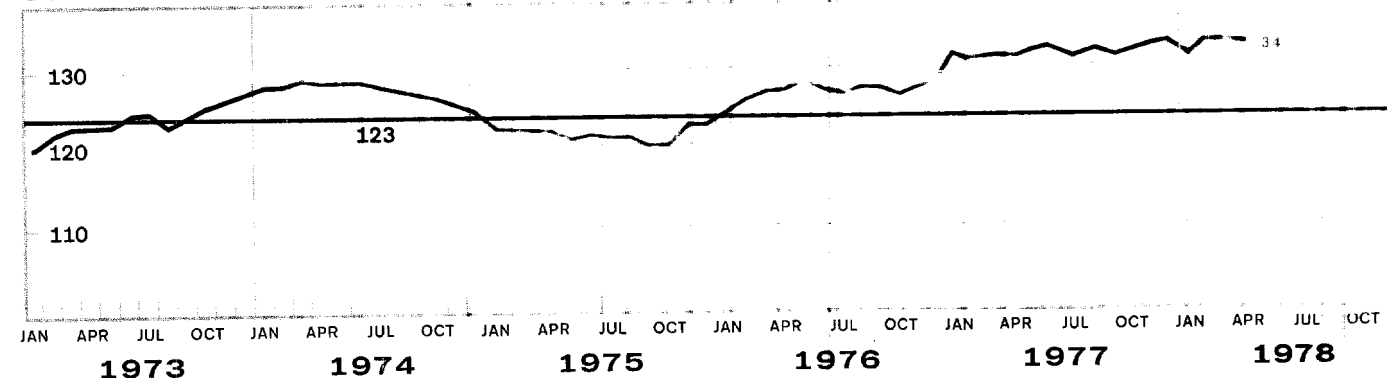
Semilogarithmic Scale



Italy



Canada



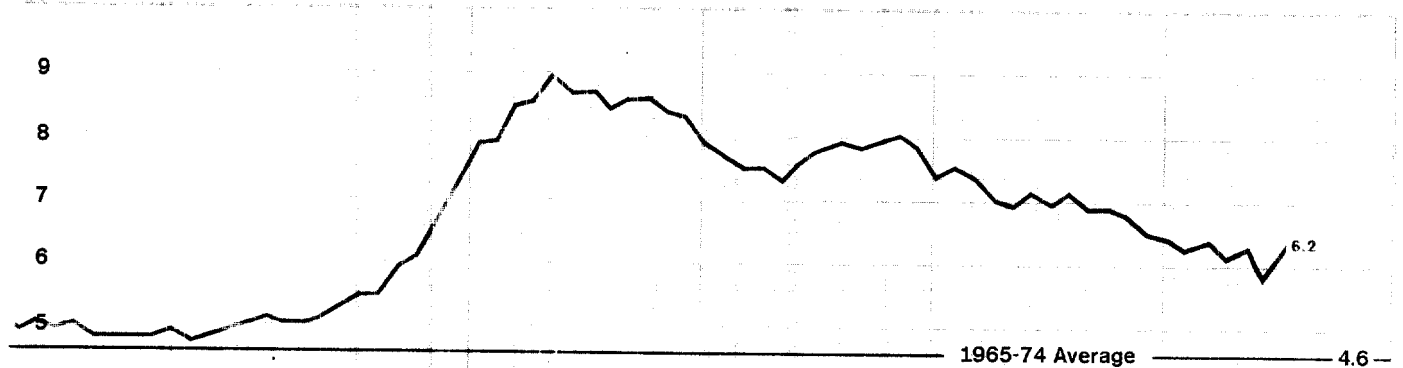
JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT
1973 1974 1975 1976 1977 1978

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE				LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier ¹				1970	1 Year Earlier	3 Months Earlier ¹
United States	JUN 78	0.3	3.7	4.7	12.2	United Kingdom	MAY 78	-2.0	0.6	-0.3	0.4
Japan	JUN 78	-0.6	3.9	4.7	6.5	Italy	JUN 78	-1.0	3.1	4.4	4.0
West Germany	JUN 78	0.9	1.9	0	-3.4	Canada	APR 78	-0.2	3.8	2.1	0.7
France	MAY 78	-3.1	3.1	3.3	13.4						

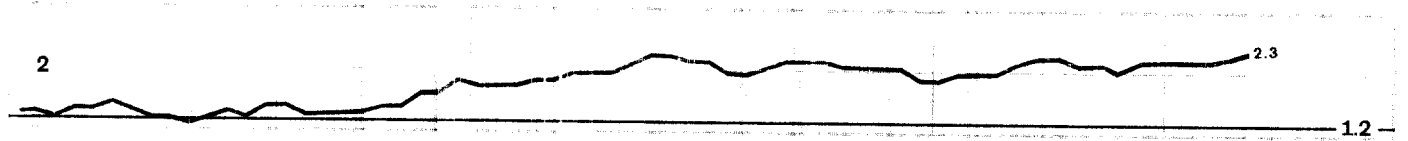
UNEMPLOYMENT RATE

PERCENT

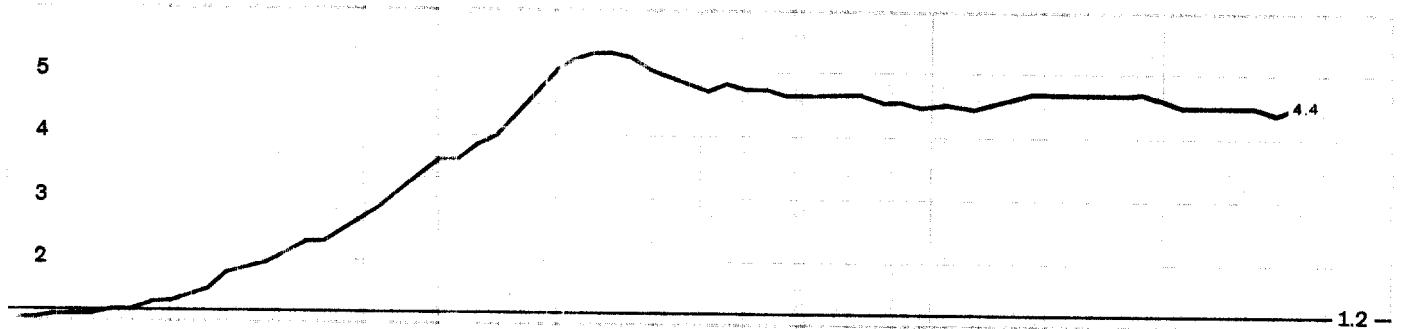
United States



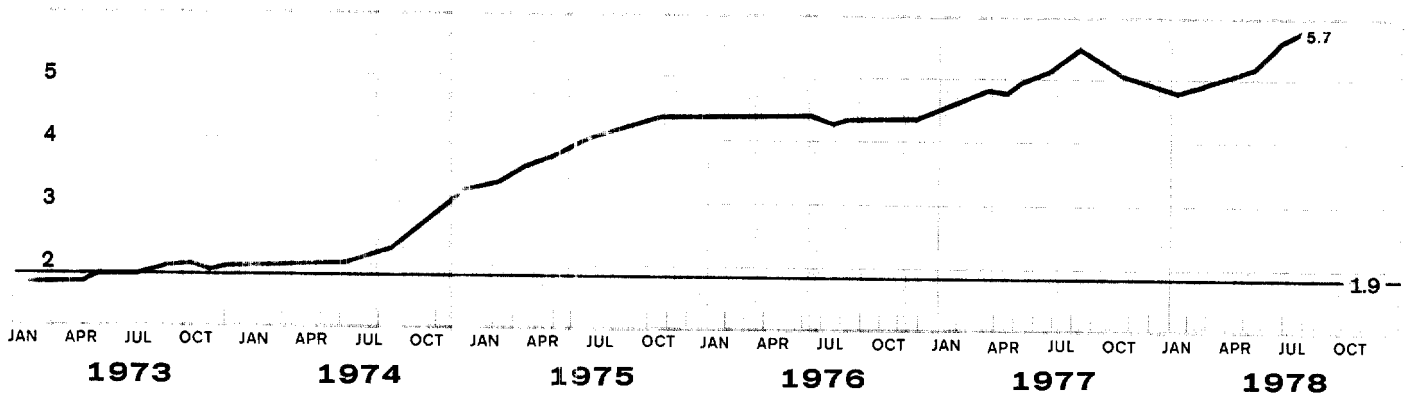
Japan

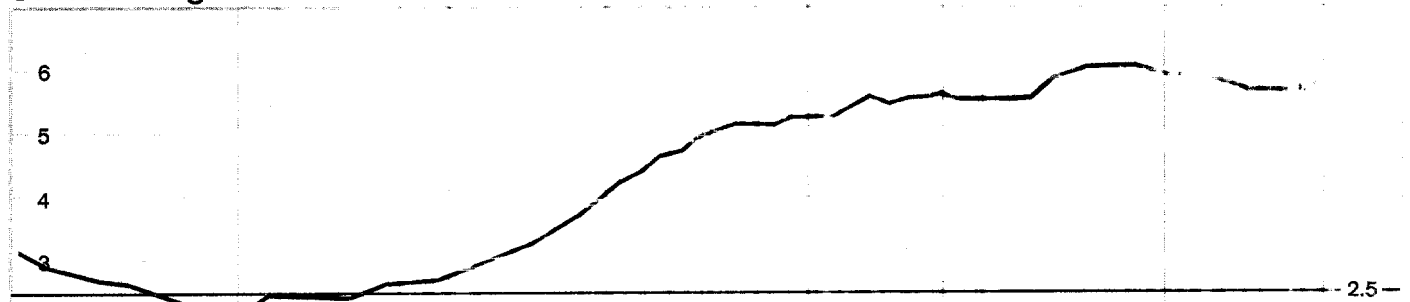
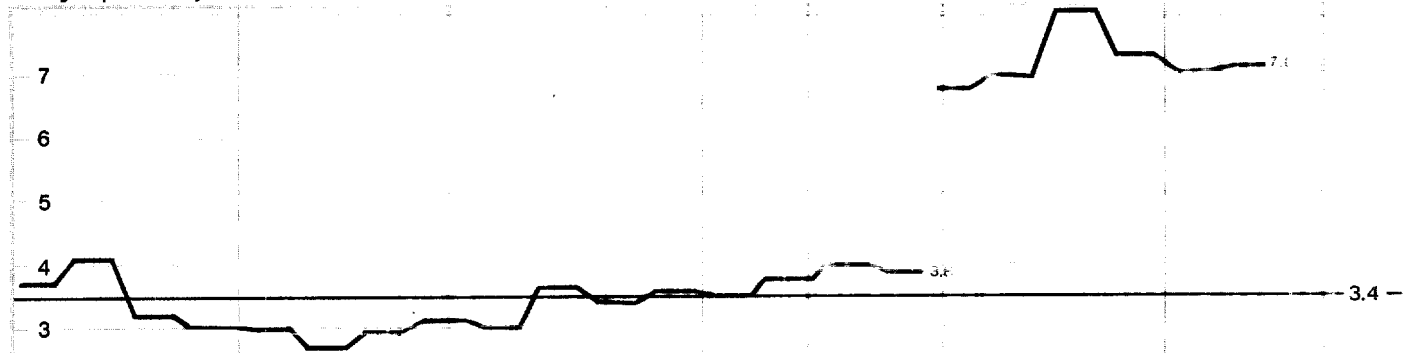


West Germany

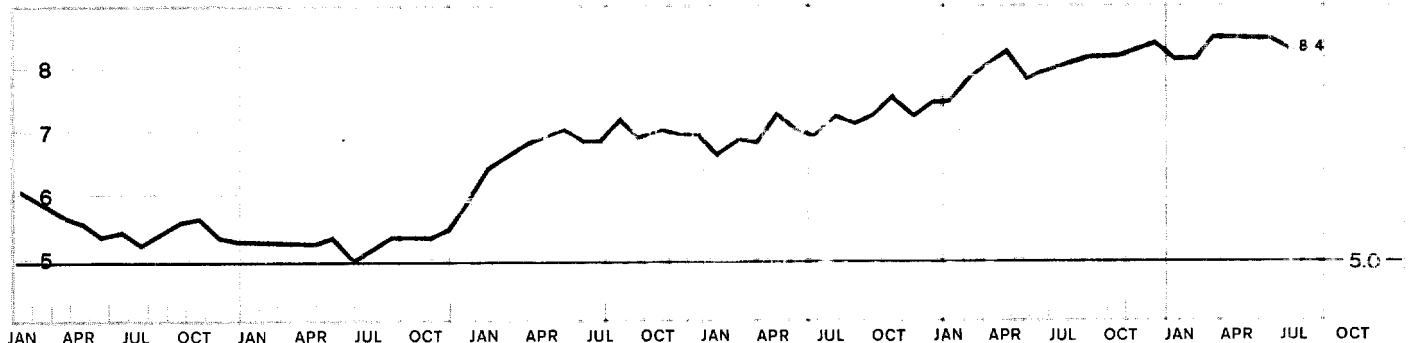


France



United Kingdom**Italy (quarterly)**

A labor force survey based on new definitions of economic activity sharply raised the official estimate of Italian unemployment in first quarter 1977. Data for earlier periods thus are not comparable. Italian data are not seasonally adjusted.

Canada**THOUSANDS OF PERSONS UNEMPLOYED**

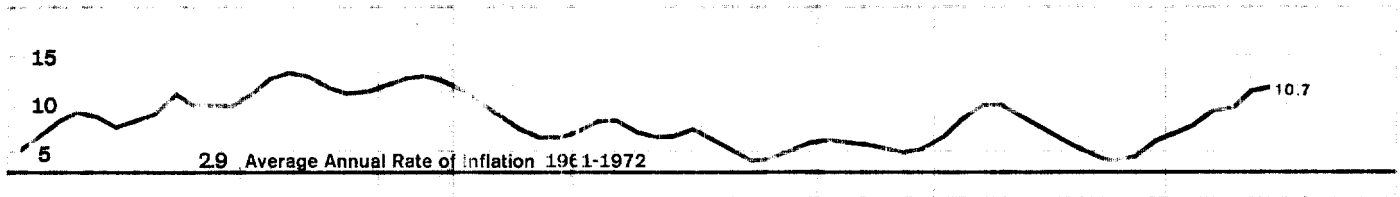
		LATEST MONTH	1 Year Earlier	3 Months Earlier		LATEST MONTH	1 Year Earlier	3 Months Earlier
United States	JUL 78	6,193	6,719	5,983	United Kingdom	JUL 78	1,371	1,402
Japan	MAY 78	1,270	1,140	1,160	Italy	II 78	1,455	1,432
West Germany	JUL 78	991	1,049	990	Canada	JUL 78	927	866
France	JUL 78	1,241	1,140	1,087				

NOTE: Data are seasonally adjusted. Unemployment rates for France are estimated. The rates shown for Japan and Canada are roughly comparable to US rates. For 1975-78, the rates for France and the United Kingdom should be increased by 5 percent and 15 percent respectively, and those for West Germany decreased by 20 percent to be roughly comparable with US rates. Beginning in 1977, Italian rates should be decreased by 50 percent to be roughly comparable to US rates.

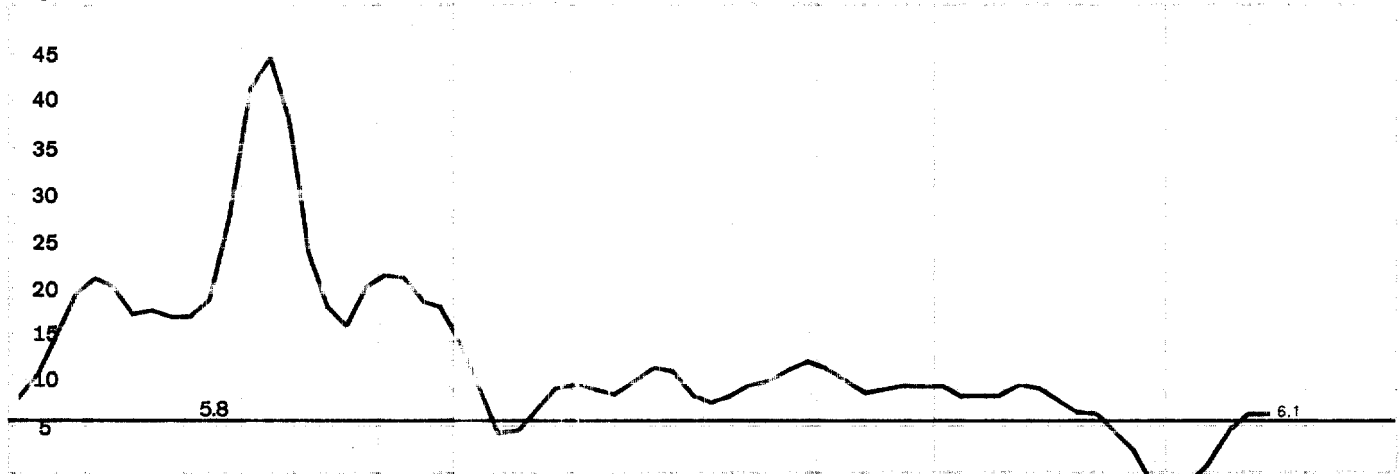
CONSUMER PRICE INFLATION

Percent, seasonally adjusted,
annual rate¹

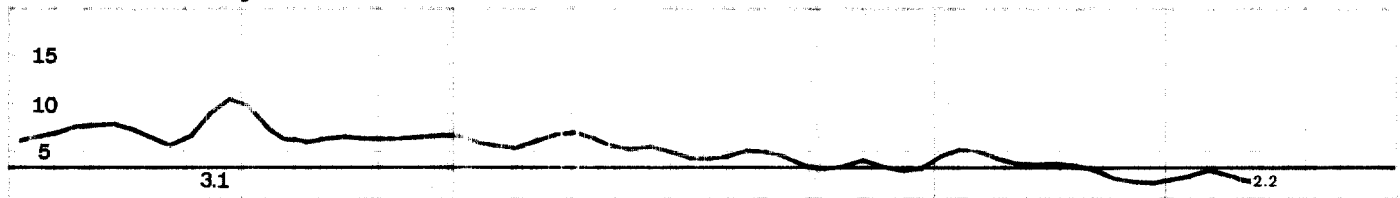
United States



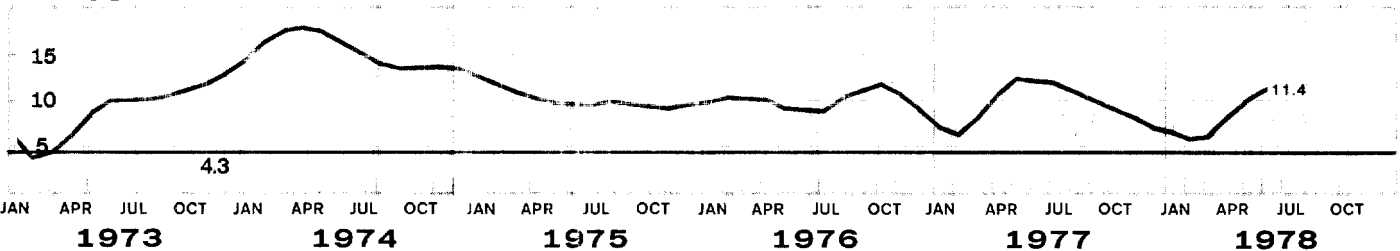
Japan



West Germany

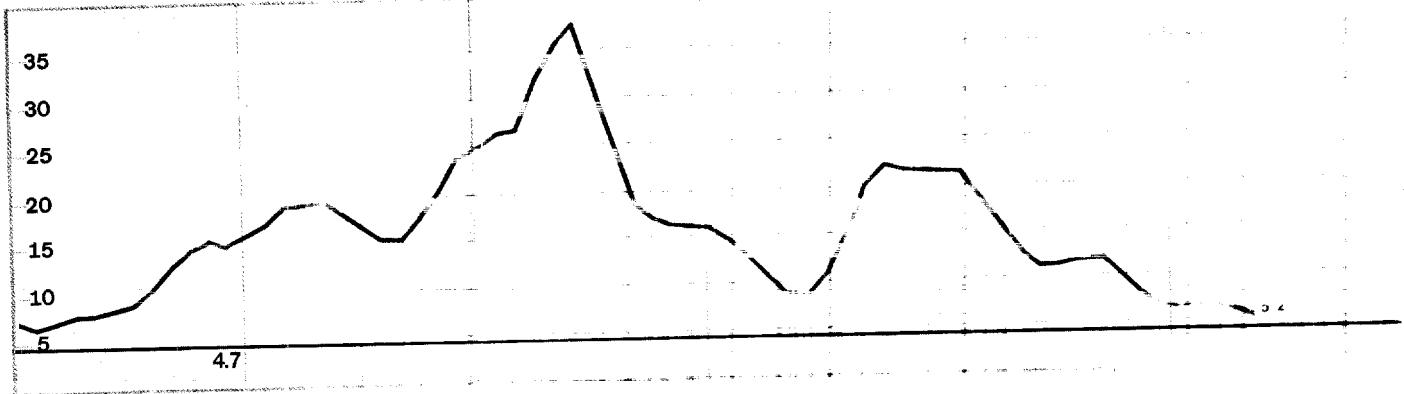


France

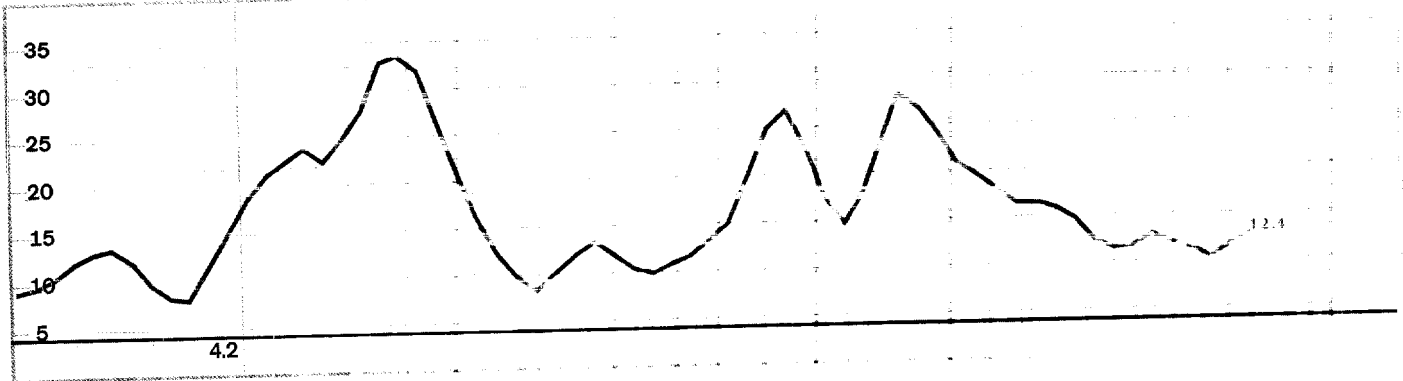


¹Three-month average compared with previous three months

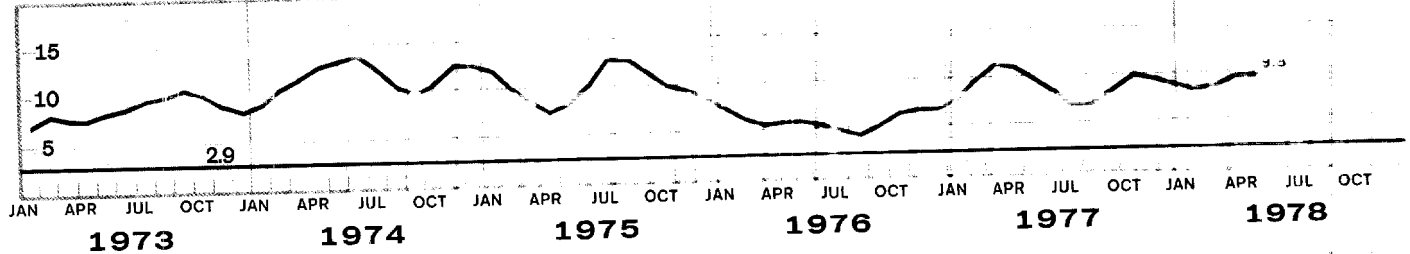
United Kingdom



Italy



Canada



	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE			LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier ²			1970	1 Year Earlier	3 Months Earlier ²
United States	JUN 78	0.9	6.7	7.4	10.7	United Kingdom	JUN 78	0.8	13.1	7.4
Japan	JUN 78	0.3	9.8	3.5	6.1	Italy	JUN 78	1.2	13.1	12.2
West Germany	JUN 78	0.1	5.2	2.4	2.2	Canada	JUN 78	0.8	7.7	9.2
France	JUN 78	0.9	9.0	9.0	11.4					

²Average for latest 3 months compared with average for previous 3 months, seasonally adjusted at annual rate.

GNP ¹

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Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	78 II	1.8	3.2	4.0	7.4
Japan	78 I	2.4	5.5	5.7	10.0
West Germany	78 I	0.1	2.4	1.1	0.4
France	78 I	1.8	4.1	1.4	7.4
United Kingdom	77 IV	-0.5	1.6	-1.1	-1.9
Italy	78 I	2.0	1.9	-6.2	8.2
Canada	78 I	0.7	4.7	2.8	2.7

¹ Seasonally adjusted.

RETAIL SALES

Constant Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier ²
United States	May 78	-0.9	3.1	1.9	5.5
Japan	Apr 78	4.0	9.9	4.3	24.8
West Germany	May 78	-0.8	2.3	0	-5.3
France	Jan 78	9.9	0	1.0	10.5
United Kingdom	Jul 78	1.7	1.4	5.4	9.0
Italy	Mar 78	3.6	3.2	5.5	21.1
Canada	May 78	1.0	4.1	3.5	2.2

¹ Seasonally adjusted.² Average for latest 3 months compared with average for previous 3 months.FIXED INVESTMENT ¹

Nonresidential; constant prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	78 II	3.6	3.0	7.4	15.1
Japan	78 I	0.9	1.1	-0.4	3.6
West Germany	78 I	-0.5	0.7	.6	-2.1
France	77 IV	0.8	4.0	4.7	3.3
United Kingdom	78 I	1.3	1.6	5.7	5.2
Italy	78 I	2.3	1.1	-15.6	9.4
Canada	78 I	-3.7	4.8	-12.7	-14.1

¹ Seasonally adjusted.WAGES IN MANUFACTURING ¹

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier ²
United States	Jun 78	0.5	7.6	7.6	7.2
Japan	Apr 78	0.3	16.1	8.2	10.3
West Germany	78 I	0.9	8.9	4.3	3.9
France	77 IV	3.1	14.1	12.0	12.9
United Kingdom	May 78	0.5	16.4	20.6	54.9
Italy	May 78	3.5	20.4	15.5	13.6
Canada	May 78	0.9	10.9	7.1	6.2

¹ Hourly earnings (seasonally adjusted) for the United States, Japan, and Canada; hourly wage rates for others. West German and French data refer to the beginning of the quarter.² Average for latest 3 months compared with that for previous 3 months.

MONEY MARKET RATES

		Percent Rate of Interest				
	Representative rates	Latest Date		1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Commercial paper	Aug 16	7.76	5.75	7.14	7.88
Japan	Call money	Aug 18	4.25	5.75	4.12	4.38
West Germany	Interbank loans (3 months)	Aug 16	3.59	4.10	3.60	3.76
France	Call money	Aug 18	7.38	8.56	7.75	7.63
United Kingdom	Sterling interbank loans (3 months)	Aug 16	9.33	6.75	9.55	10.04
Canada	Finance paper	Aug 16	8.74	7.38	8.00	8.24
Eurodollars	Three-month deposits	Aug 16	8.33	6.38	7.86	8.58

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EXPORT PRICES

US \$

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EXPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	May 78	0.4	9.4	5.0	8.3
Japan	Jul 78	1.2	11.7	27.0	39.1
West Germany	May 78	-1.8	11.4	10.6	-6.7
France	Apr 78	3.4	12.1	17.9	36.2
United Kingdom	Jul 78	3.7	11.8	20.4	23.8
Italy	Apr 78	-0.6	10.9	9.6	6.7
Canada	Apr 78	-0.2	8.3	-1.2	-13.6

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	May 78	0.4	9.4	5.0	8.3
Japan	Jul 78	-5.8	3.8	-4.3	-8.8
West Germany	May 78	1.2	3.8	-1.2	-0.6
France	Apr 78	0.9	9.4	8.9	21.0
United Kingdom	Jul 78	0.5	15.1	9.4	11.3
Italy	Apr 78	-0.6	15.4	5.7	-1.6
Canada	Apr 78	1.2	9.5	7.3	-0.2

IMPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	May 78	-0.3	12.8	5.4	6.8
Japan	Jul 78	-6.6	5.8	-20.9	-22.7
West Germany	May 78	1.5	3.3	-4.4	0.9
France	Apr 78	-2.2	9.3	0.2	-1.6
United Kingdom	Jul 78	0.1	17.4	1.8	8.2
Italy	Apr 78	-0.7	18.9	4.7	-8.3
Canada	Apr 78	1.5	8.9	10.6	-2.1

OFFICIAL RESERVES

	Latest Month	Billion US \$	Billion US \$		
			1970	1 Year Earlier	3 Months Earlier
United States	Jun 78	18.9	14.5	19.2	19.2
Japan	Jul 78	29.3	4.1	17.6	27.5
West Germany	Jun 78	40.7	8.8	34.3	42.2
France	Apr 78	10.6	4.4	10.0	0.1
United Kingdom	May 78	17.3	2.8	10.0	21.4
Italy	Jun 78	13.2	4.7	9.7	10.6
Canada	Jun 78	4.7	9.1	5.1	4.0

CURRENT ACCOUNT BALANCE ¹

	Latest Period	Million US \$	Cumulative (Million US \$)		
			1978	1977	Change
United States ²	78 I	-6,954	-6,954	-4,158	-2,796
Japan	Jul 78	2,050	10,879	4,630	6,249
West Germany	May 78	323	2,665	1,946	720
France	78 I	0	0	-2	2
United Kingdom	78 I	-803	-803	-896	94
Italy	77 III	2,390	N.A.	N.A.	N.A.
Canada	78 I	-1,273	-1,273	-1,484	212

¹ Converted to US dollars at the current market rates of exchange.

² Seasonally adjusted.

BASIC BALANCE ¹

Current Account and Long-Term Capital Transactions

	Latest Period	Million US \$	Cumulative (Million US \$)		
			1978	1977	Change
United States			No longer published ²		
Japan	Jul 78	650	6,231	3,513	2,718
West Germany	May 78	-722	2,532	-543	3,075
France	78 I	-1	-1	-2	1
United Kingdom	78 I	-326	-326	543	-869
Italy	77 III	2,520	N.A.	N.A.	N.A.
Canada	78 I	-668	-668	-584	-84

¹ Converted to US dollars at the current market rates of exchange.

² As recommended by the Advisory Committee on the Presentation of Balance of Payments Statistics, the Department of Commerce no longer publishes a basic balance.

EXCHANGE RATES

Spot Rate

As of 18 Aug 78

	US \$ Per Unit	Percent Change from			
		19 Mar 73	1 Year Earlier	3 Months Earlier	11 Aug 78
Japan (yen)	0.0054	41.34	43.14	21.72	0.47
West Germany (Deutsche mark)	0.5038	42.27	17.30	6.82	-0.91
France (franc)	0.2318	5.18	13.87	8.07	-0.34
United Kingdom (pound sterling)	1.9850	-19.34	14.22	9.55	1.07
Italy (lira)	0.0012	-31.92	6.45	5.06	0.42
Canada (dollar)	0.8783	-11.97	-5.44	-1.92	-0.22

TRADE-WEIGHTED EXCHANGE RATES ¹

As of 18 Aug 78

	Percent Change from			
	19 Mar 73	1 Year Earlier	3 Months Earlier	11 Aug 78
United States	-4.49	-10.10	-6.11	-0.13
Japan	44.81	38.30	19.27	0.38
West Germany	30.28	3.95	-0.14	-1.24
France	-7.76	-0.09	1.16	-0.35
United Kingdom	-27.92	2.75	2.88	0.34
Italy	-42.58	-6.52	-1.61	0.58
Canada	-13.58	-9.17	-4.18	-0.34

¹ Weighting is based on each listed country's trade with 16 other industrialized countries to which it is most sensitive in terms of exchange rate variations among the major currencies.

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Developed Countries: Direction of Trade¹

Billion US \$

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC	Com-munist	Other	World	Big Seven	Other OECD	OPEC	Com-munist	Other
UNITED STATES												
1975	107.65	46.94	16.25	10.77	3.37	29.82	103.42	49.81	8.83	18.70	0.98	25.08
1976	115.01	51.30	17.68	12.57	3.64	29.44	129.57	60.39	9.75	27.17	1.16	31.09
1977	120.17	53.92	18.53	14.02	2.72	30.98	156.70	70.48	11.08	35.45	1.22	38.47
1978												
1st Qtr	30.94	13.65	4.60	3.76	1.00	7.93	43.14	20.39	3.51	8.15	0.47	10.62
JAPAN												
1975	55.73	16.56	6.07	8.42	5.16	15.87	57.85	16.93	6.08	19.40	3.36	12.05
1976	67.32	22.61	8.59	9.27	4.93	17.84	64.89	17.58	7.78	21.88	2.91	14.72
1977	81.11	28.02	9.73	12.03	5.32	26.01	71.33	18.87	7.93	24.33	3.41	16.79
1978												
1st Qtr	22.11	7.83	2.39	3.35	1.32	7.22	18.32	5.04	2.06	6.46	0.87	3.89
WEST GERMANY												
1975	91.70	28.33	36.44	6.78	8.81	11.05	76.28	27.09	27.78	8.24	4.87	8.21
1976	103.63	33.44	41.86	8.25	8.72	11.04	89.68	31.28	32.64	9.73	5.93	10.01
1977	119.28	39.01	48.00	10.78	8.59	12.90	102.63	36.38	37.37	10.12	6.14	12.62
1978												
Jan & Feb	20.35	7.03	8.12	1.75	1.29	2.16	18.20	6.58	6.92	1.49	0.89	2.32
FRANCE												
1975	52.87	20.00	15.50	4.90	3.13	8.61	53.99	23.04	14.33	9.43	1.94	5.21
1976	57.05	22.49	16.15	5.08	3.23	8.75	64.38	27.81	16.93	11.36	2.24	6.01
1977	65.00	25.90	18.19	5.97	3.00	11.94	70.50	30.28	18.24	11.82	2.46	7.70
1978												
1st Qtr	18.49	7.66	5.07	1.57	0.66	3.53	19.76	8.58	5.40	3.05	0.64	2.09
UNITED KINGDOM												
1975	44.03	12.55	16.59	4.55	1.56	8.64	53.35	18.47	18.52	6.91	1.68	7.67
1976	46.12	14.03	17.53	5.13	1.39	7.92	55.56	19.66	18.81	7.29	2.08	7.65
1977	57.44	16.99	22.56	6.78	1.63	9.48	63.29	24.02	21.34	6.31	2.40	9.22
1978												
1st Qtr	16.86	5.09	6.27	2.03	0.55	2.92	18.87	7.44	6.68	1.80	0.55	2.40
ITALY												
1975	34.82	15.61	7.86	3.72	2.46	4.67	38.36	17.32	6.75	7.85	2.09	4.34
1976	36.96	17.41	8.69	4.23	2.18	3.96	43.42	19.35	8.04	8.12	2.65	5.24
1977	45.04	20.92	10.20	5.85	2.45	5.62	47.56	20.80	8.67	9.03	2.80	6.26
4th Qtr	12.84	6.02	2.78	1.67	0.69	1.68	13.15	5.90	2.49	2.25	0.83	1.68
CANADA												
1975	33.84	26.30	1.73	0.71	1.20	2.00	38.59	29.78	1.70	3.43	0.32	2.02
1976	40.18	32.01	2.03	0.81	1.25	2.09	43.05	33.55	1.82	3.48	0.38	2.56
1977	42.98	34.77	2.13	0.94	1.06	4.08	44.67	35.67	1.77	3.05	0.33	3.85
4th Qtr	11.04	9.05	0.52	0.24	0.26	0.97	11.09	8.94	0.44	0.67	0.07	0.97

¹ Source: International Monetary Fund, Direction of Trade.

Developed Countries: Direction of Trade ¹
(Continued)

Billion US \$

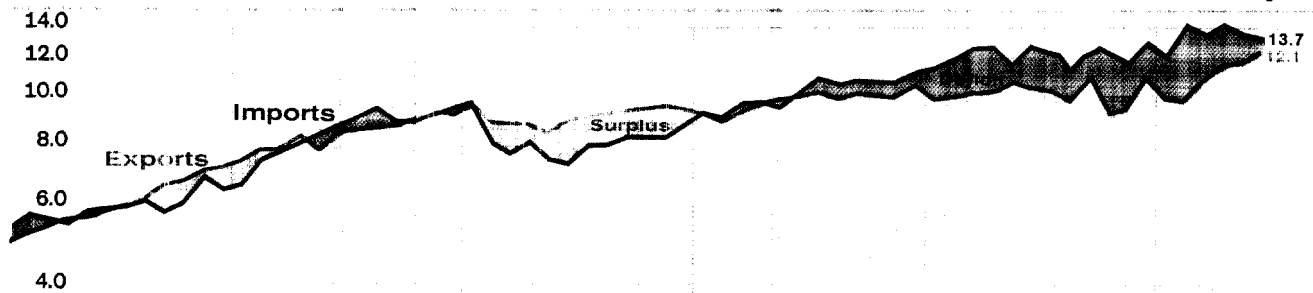
	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC	Communist	Other	World	Big Seven	Other OECD	OPEC	Communist	Other
CANADA												
1975	33.84	26.30	1.73	0.71	1.20	2.00	38.59	29.78	1.70	3.43	0.32	2.02
1976	40.18	32.01	2.03	0.81	1.25	2.09	43.05	33.55	1.82	3.48	0.38	2.56
1977	42.98	34.77	2.13	0.94	1.06	4.08	44.67	35.67	1.77	3.05	0.33	3.85
1st Qtr	10.35	8.37	0.53	0.23	0.22	1.00	10.92	8.64	0.43	0.82	0.09	0.94
2d Qtr	11.34	9.23	0.54	0.24	0.29	1.04	12.28	9.92	0.47	0.74	0.10	1.05
3d Qtr	10.25	8.12	0.54	0.23	0.29	1.07	10.38	8.17	0.43	0.82	0.07	0.89
4th Qtr	11.04	9.05	0.52	0.24	0.26	0.97	11.09	8.94	0.44	0.67	0.07	0.97

¹ Source: International Monetary Fund, Direction of Trade.

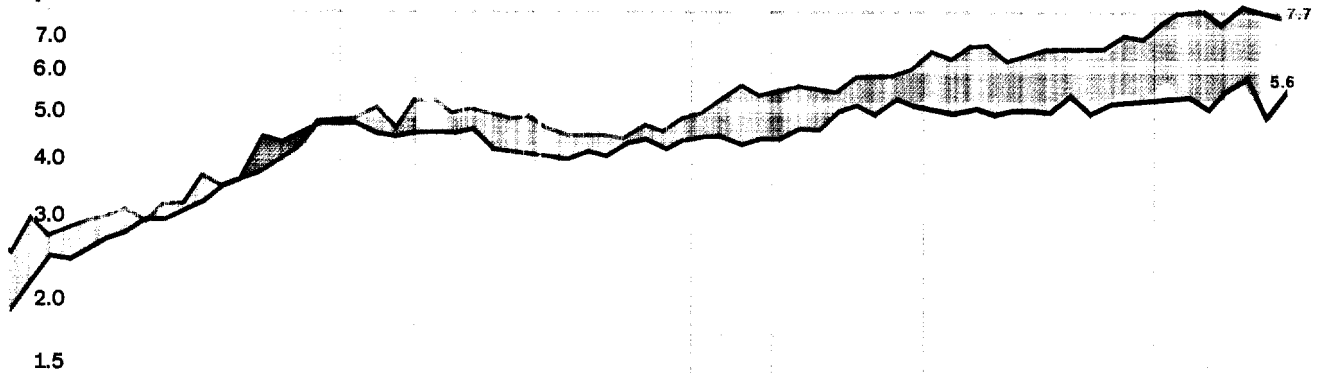
FOREIGN TRADE BILLION US \$, f.o.b., seasonally adjusted

United States

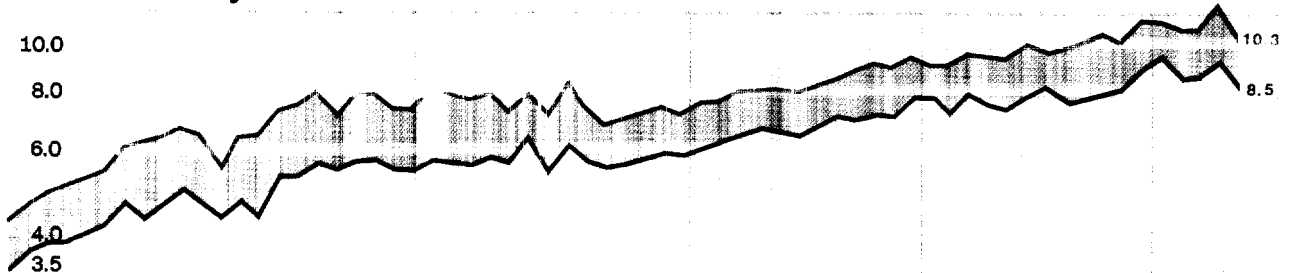
Semilogarithmic Scale



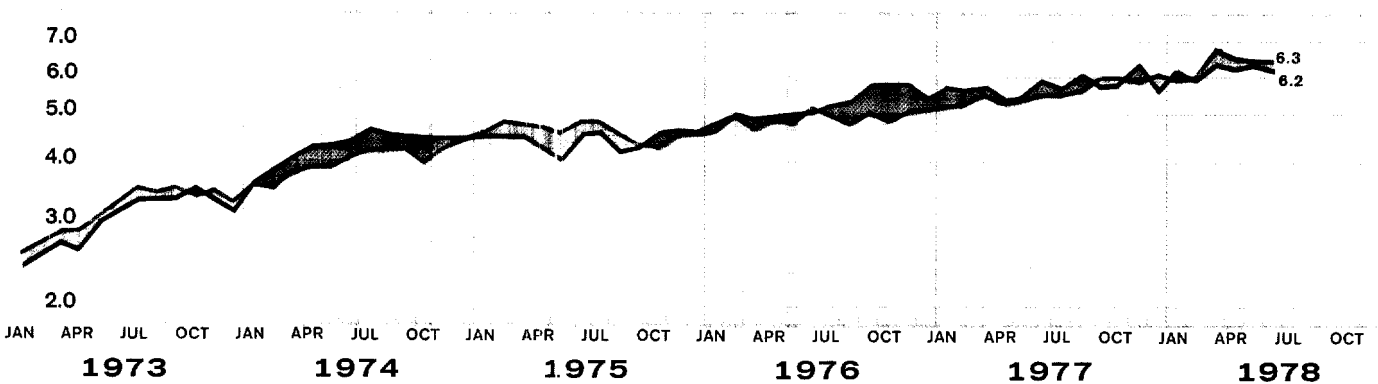
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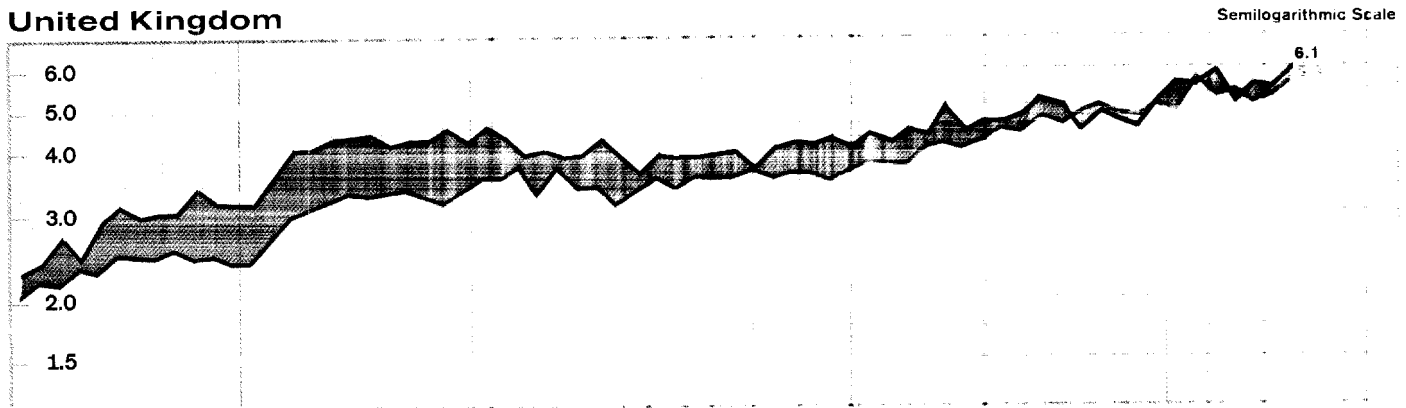
West Germany



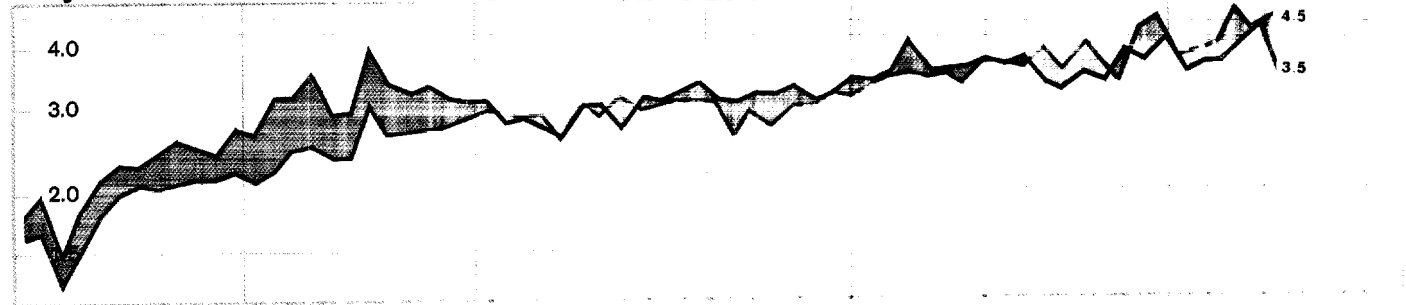
France



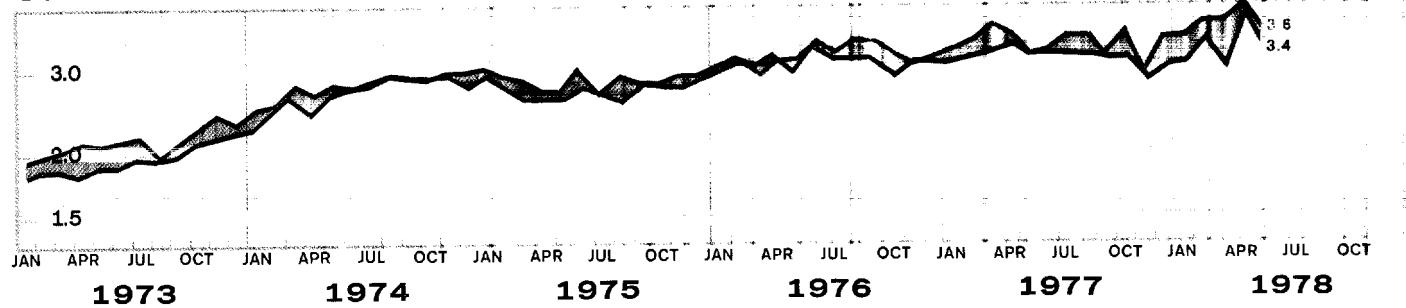
United Kingdom



Italy



Canada



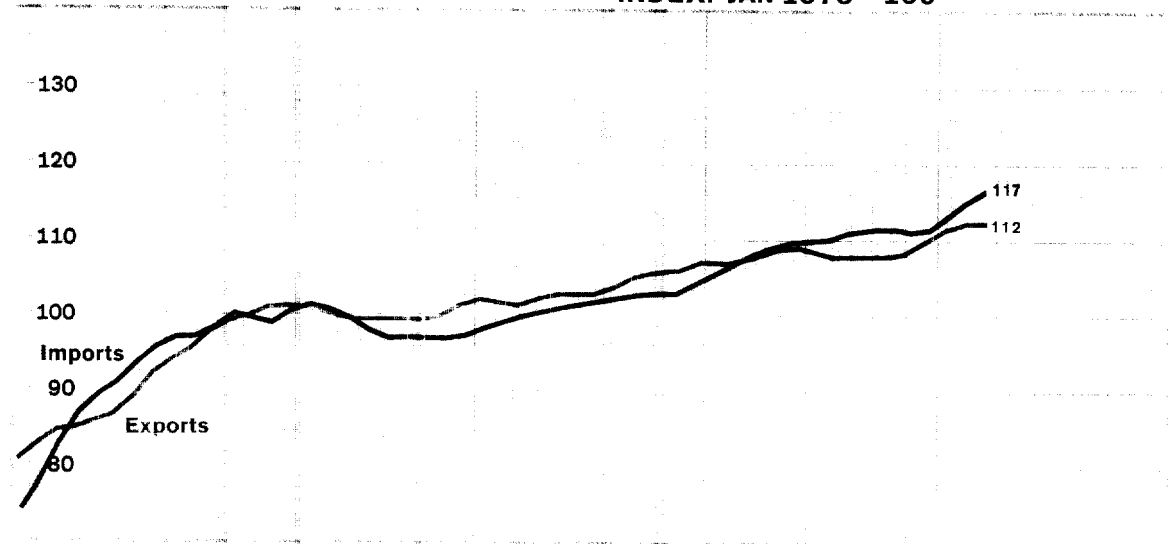
	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)				LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
			1978	1977	CHANGE				1978	1977	CHANGE
United States	JUN 78	12,126	66,363	60,257	10.1%	United Kingdom	JUN 78	5,770	38,169	31,289	22.0%
		<u>13,723</u>	<u>82,731</u>	<u>71,782</u>	<u>15.3%</u>			<u>6,055</u>	<u>39,807</u>	<u>34,595</u>	<u>15.1%</u>
	Balance	-1,597	-16,368	-11,524	4,844		Balance	-195	-1,349	-2,884	1,536
Japan	JUN 78	7,700	54,344	45,157	20.3%	Italy	JUN 78	4,468	24,806	21,545	15.1%
		<u>5,556</u>	<u>37,967</u>	<u>35,555</u>	<u>6.8%</u>			<u>3,517</u>	<u>22,832</u>	<u>22,136</u>	<u>3.1%</u>
	Balance	2,953	14,790	8,540	6,250		Balance	951	1,973	-591	2,564
West Germany	MAY 78	10,313	55,032	46,735	17.8%	Canada	MAY 78	3,621	18,983	17,435	8.5%
		<u>8,522</u>	<u>45,808</u>	<u>38,606</u>	<u>18.7%</u>			<u>3,401</u>	<u>17,447</u>	<u>16,713</u>	<u>4.4%</u>
	Balance	1,791	9,224	8,128	1,096		Balance	219	1,536	722	814
France	JUN 78	6,316	37,327	31,159	19.8%						
		<u>6,215</u>	<u>37,180</u>	<u>32,828</u>	<u>13.3%</u>						
	Balance	100	147	-1,670	1,817						

576928 8-78

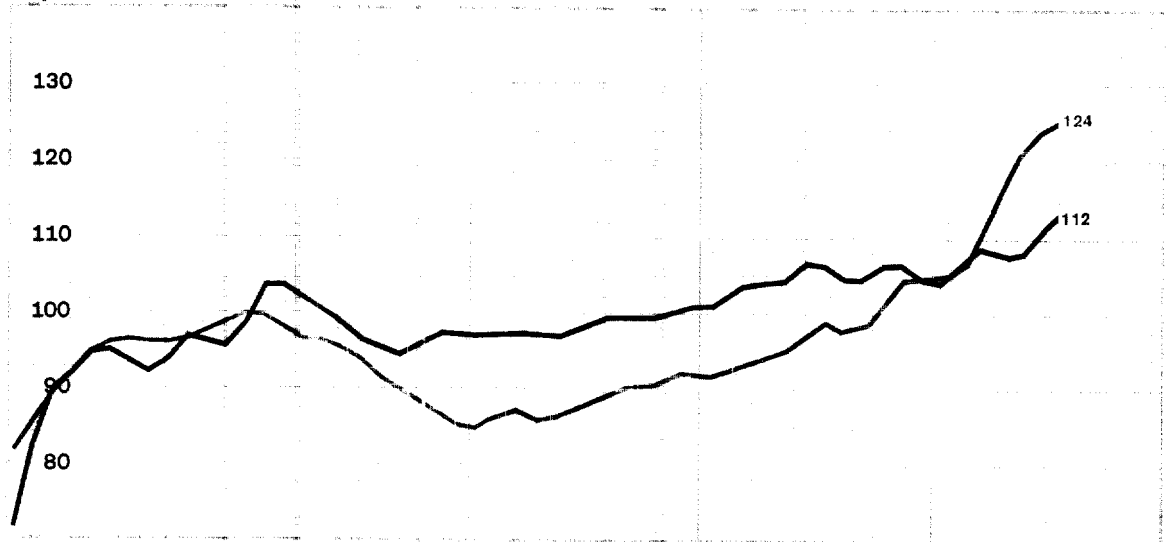
Approved For Release 2004/07/28 : CIA-RDP80T00702A000800020005-6
FOREIGN TRADE PRICES IN US \$¹

United States

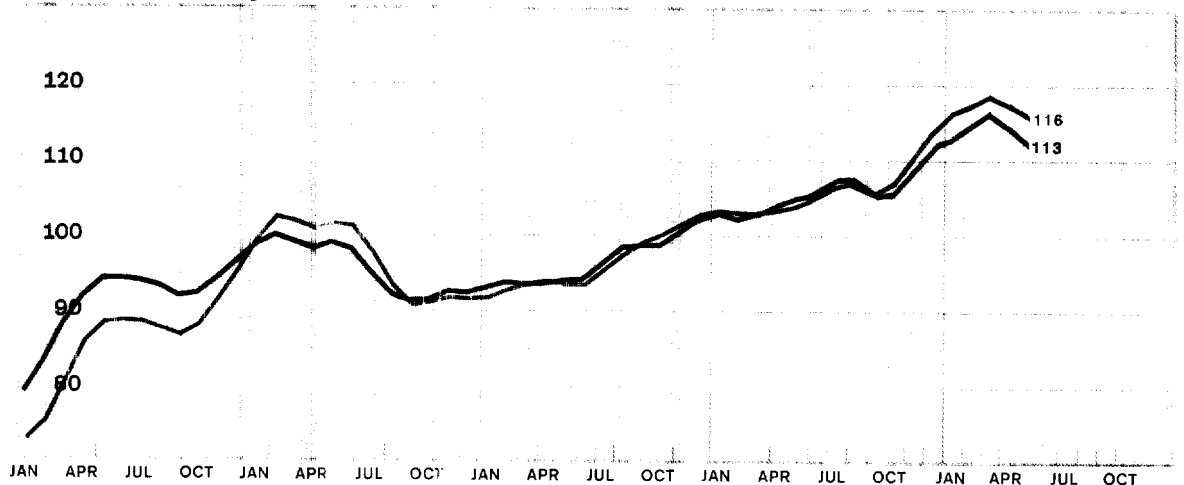
INDEX: JAN 1975 = 100



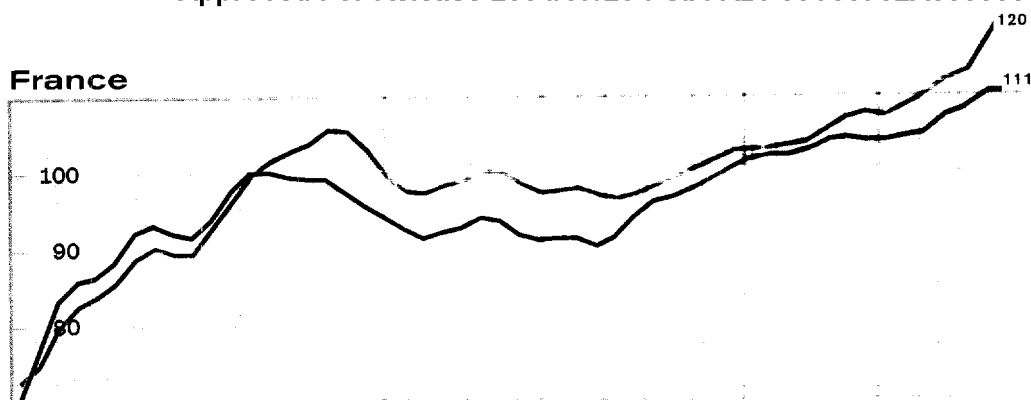
Japan



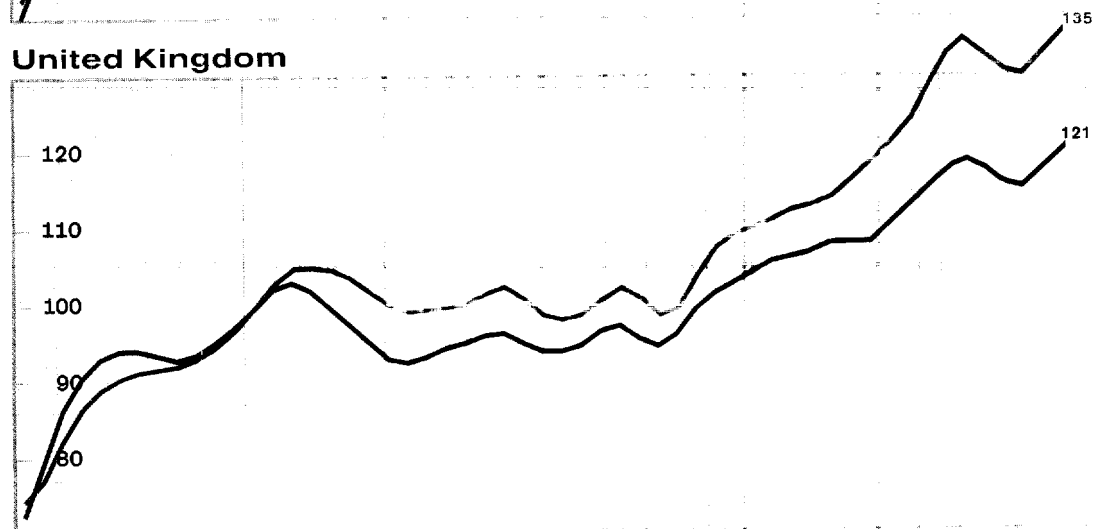
West Germany



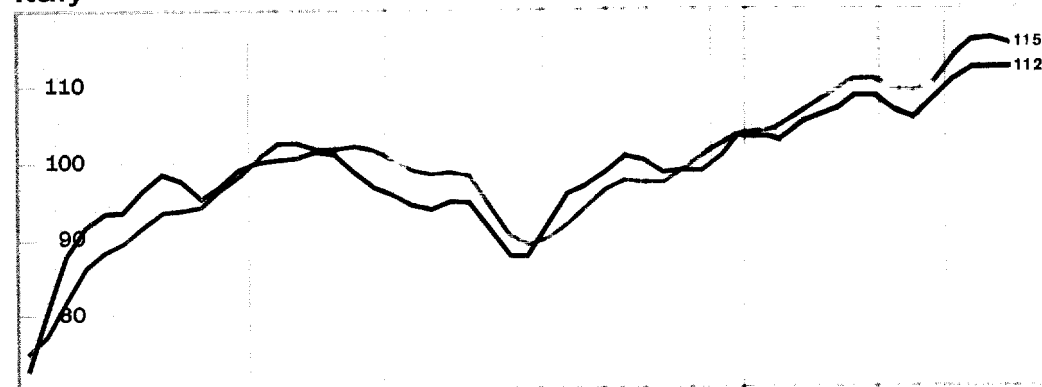
France



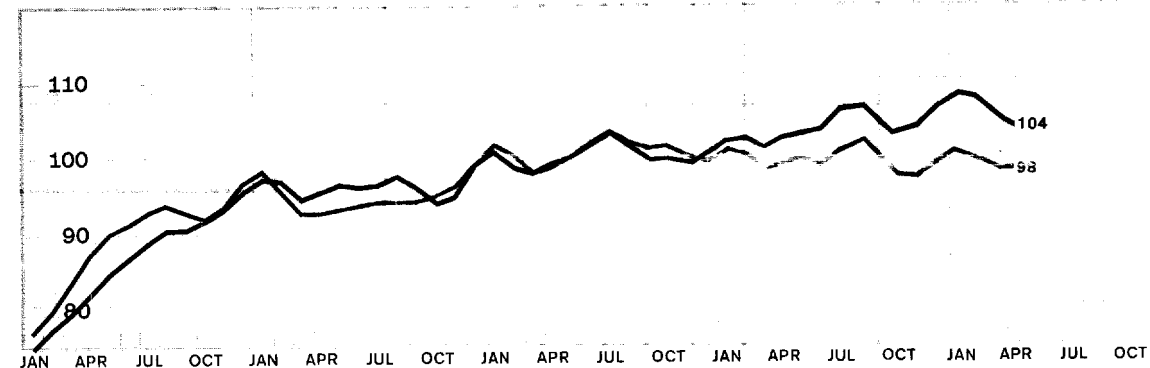
United Kingdom



Italy



Canada



INDUSTRIAL PRODUCTION ¹

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier ²
India	Mar 78	1.1	4.9	0.8	17.8
South Korea	Jun 78	-1.2	22.5	20.1	26.5
Mexico	Mar 78	-5.1	5.1	3.4	-2.0
Nigeria	78 I	6.8	11.0	0.2	29.9
Taiwan	Apr 78	1.5	15.3	17.4	-2.0

¹ Seasonally adjusted.

² Average for latest 3 months compared with average for previous 3 months.

MONEY SUPPLY ¹

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier ²
Brazil	Mar 78	2.7	36.4	43.3	34.7
India	Feb 78	-0.6	13.7	16.0	20.4
Iran	Mar 78	9.9	29.3	22.5	51.7
South Korea	May 78	1.3	31.2	30.7	23.7
Mexico	Apr 78	1.2	20.4	30.8	28.9
Nigeria	Dec 77	-5.2	35.4	38.1	34.0
Taiwan	Mar 78	5.3	25.2	31.0	24.3
Thailand	Jan 78	2.7	13.2	13.7	21.5

¹ Seasonally adjusted.

² Average for latest 3 months compared with average for previous 3 months.

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Jun 78	4.1	28.3	38.0
India	Mar 78	0.3	7.5	2.9
Iran	May 78	-0.4	12.4	12.0
South Korea	Jul 78	1.4	14.6	14.7
Mexico	May 78	1.0	15.0	17.2
Nigeria	Dec 77	3.2	16.6	31.0
Taiwan	Apr 78	1.8	10.1	7.6
Thailand	Apr 78	1.0	8.6	8.8

WHOLESALE PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	May 78	3.4	28.4	34.5
India	May 78	0.6	8.0	-2.8
Iran	May 78	0.4	11.0	10.9
South Korea	Jul 78	0.4	15.8	11.7
Mexico	May 78	2.5	16.5	16.3
Taiwan	Mar 78	1.1	8.2	1.2
Thailand	Jan 78	-0.2	9.5	6.4

EXPORT PRICES US \$

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Feb 78	0.4	14.0	1.5
India	Mar 77	-0.9	9.6	17.9
Iran	Jun 78	0	30.8	0
South Korea	78 I	0.7	8.7	7.7
Nigeria	May 76	-0.1	27.3	12.3
Taiwan	Mar 78	-0.7	11.2	3.8
Thailand	Dec 76	2.0	13.3	13.1

OFFICIAL RESERVES

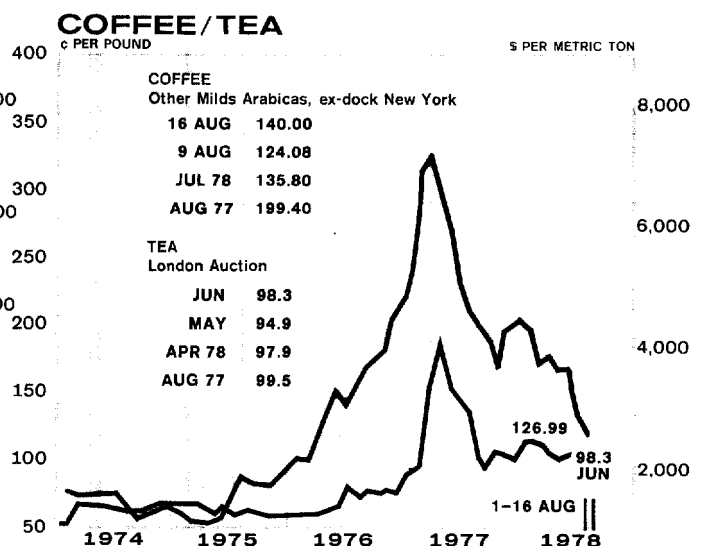
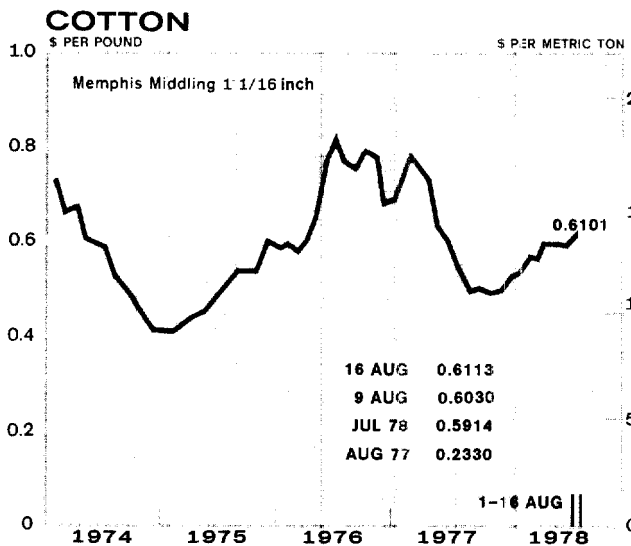
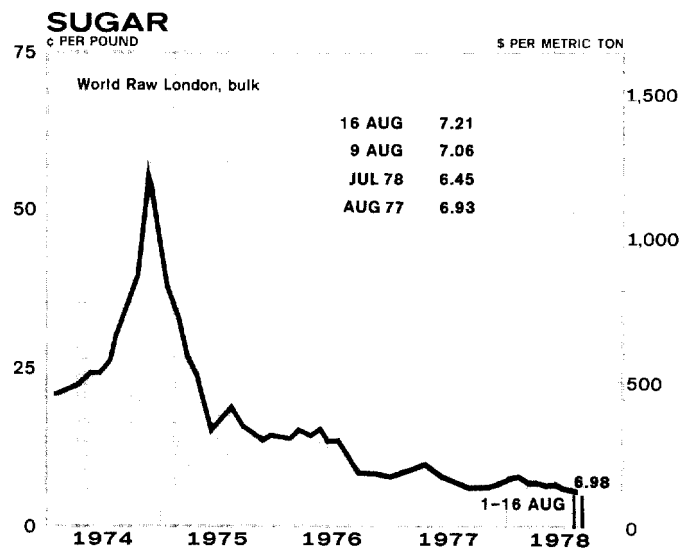
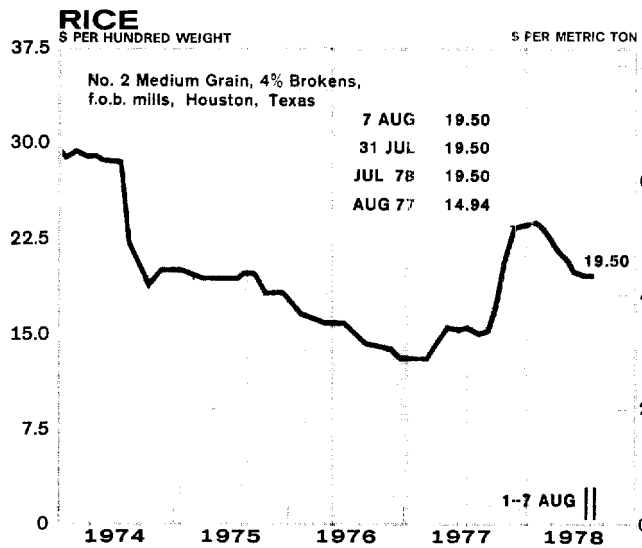
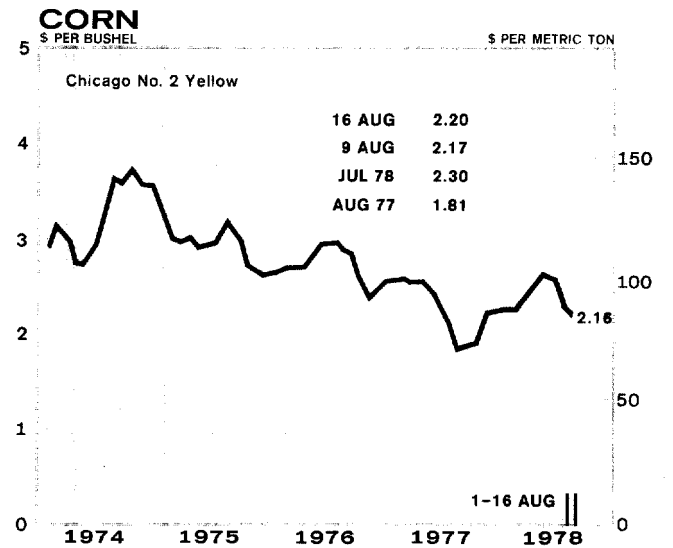
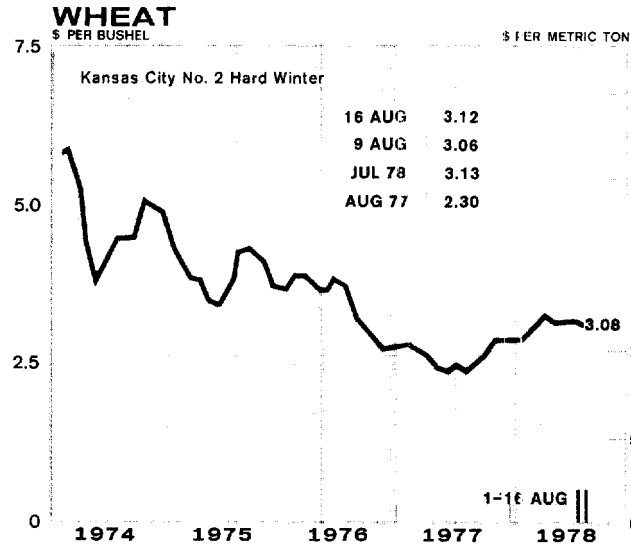
	Latest Month	Million US \$			
		End of	Million US \$	Average	
				1 Year Earlier	3 Months Earlier
Brazil	Feb 78		6,733	1,013	5,878
India	Apr 78		6,064	1,006	4,134
Iran	Jun 78		12,068	208	11,025
South Korea	May 78		4,101	602	3,519
Mexico	Mar 78		1,766	695	1,422
Nigeria	Jun 78		2,387	148	4,663
Taiwan	Mar 78		1,433	531	1,349
Thailand	Jun 78		2,161	978	2,017

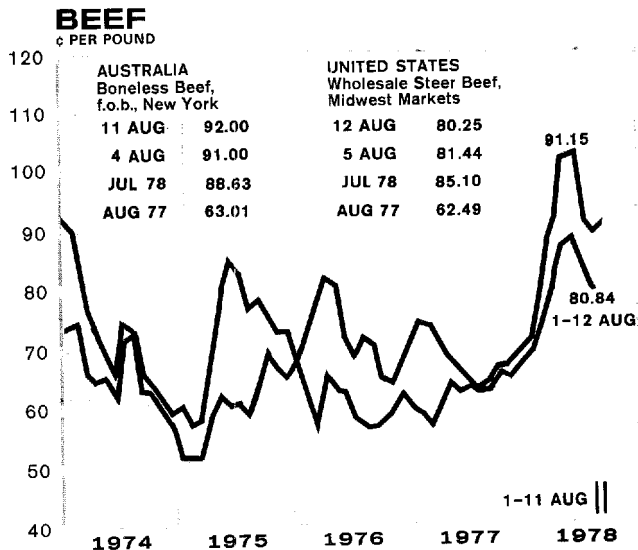
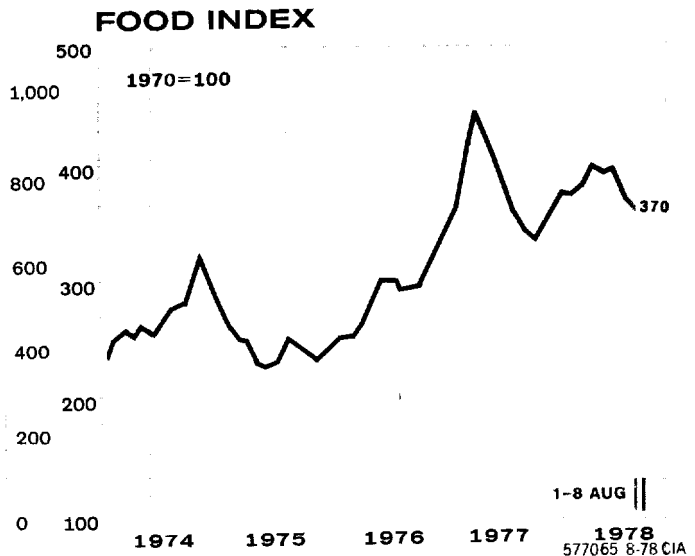
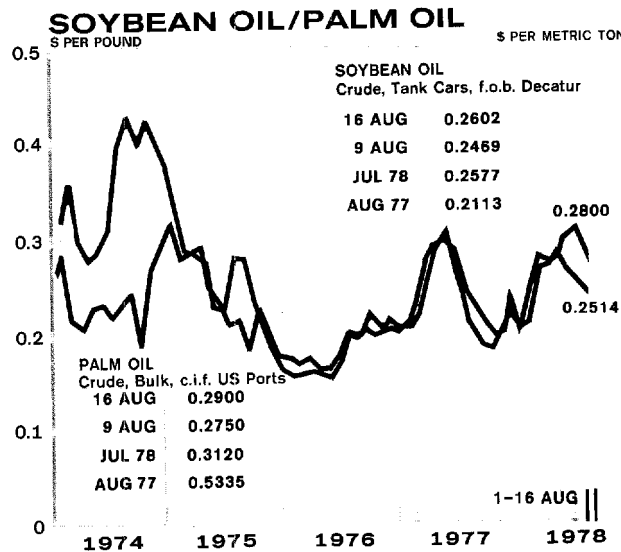
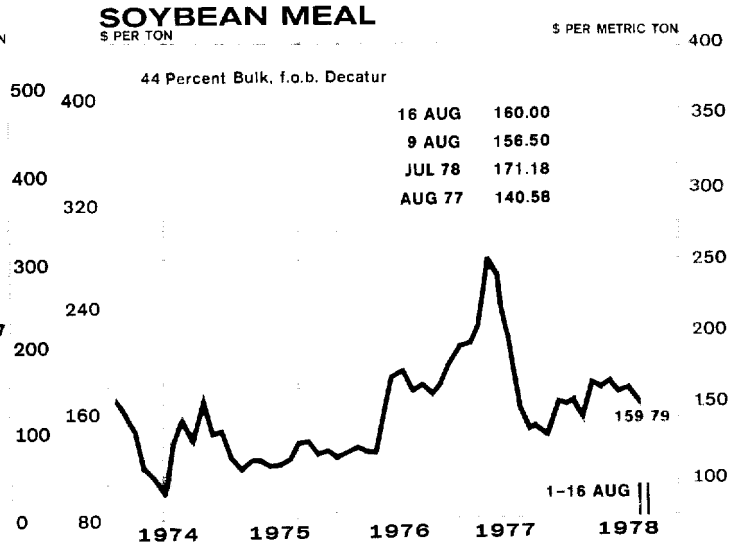
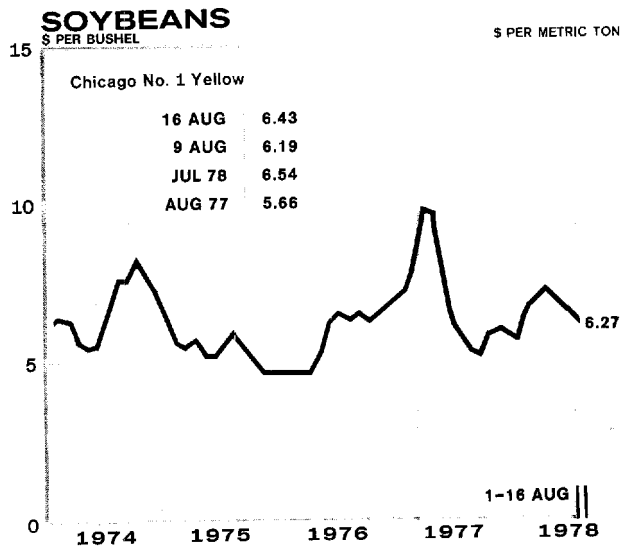
FOREIGN TRADE, f.o.b.

			Latest 3 Months Percent Change from		Cumulative (Million US \$)		
Latest Period			3 Months Earlier ¹	1 Year Earlier	1978	1977	Change
Brazil	May 78	Exports	84.8	-3.7	4,743	4,979	-4.7%
	May 78	Imports	26.6	1.4	5,110	4,939	3.5%
	May 78	Balance			-367	40	-407
India	Feb 78	Exports	4.0	12.3	912	917	-0.4%
	Feb 78	Imports	-39.6	-0.2	845	916	-7.7%
	Feb 78	Balance			67	1	66
Iran	Apr 78	Exports	-34.0	-8.2	7,615	8,012	-4.9%
	Mar 78	Imports	105.8	14.2	3,694	3,235	14.2%
	Mar 78	Balance			1,991	2,795	-804
South Korea	May 78	Exports	14.2	29.3	4,651	3,630	28.1%
	May 78	Imports	64.3	25.1	4,994	3,905	27.9%
	May 78	Balance			-343	-275	-68
Mexico	Apr 78	Exports	-21.1	-3.1	1,576	1,458	8.1%
	Apr 78	Imports	-47.9	16.2	1,809	1,492	21.2%
	Apr 78	Balance			-233	-34	-199
Nigeria	Apr 78	Exports	-55.4	-29.9	1,143	1,597	-28.4%
	Aug 77	Imports	56.1	80.1	2,535	1,640	54.6%
	Aug 77	Balance			716	979	-263
Taiwan	Apr 78	Exports	-27.6	32.3	3,365	2,543	32.3%
	Apr 78	Imports	-14.5	20.4	2,869	2,338	22.7%
	Apr 78	Balance			496	205	291
Thailand	Apr 78	Exports	27.0	3.2	1,277	1,221	4.6%
	Apr 78	Imports	-6.5	14.3	1,449	1,251	15.8%
	Apr 78	Balance			-172	-30	-141

¹ At annual rates.

AGRICULTURAL PRICES MONTHLY AVERAGE CASH PRICE

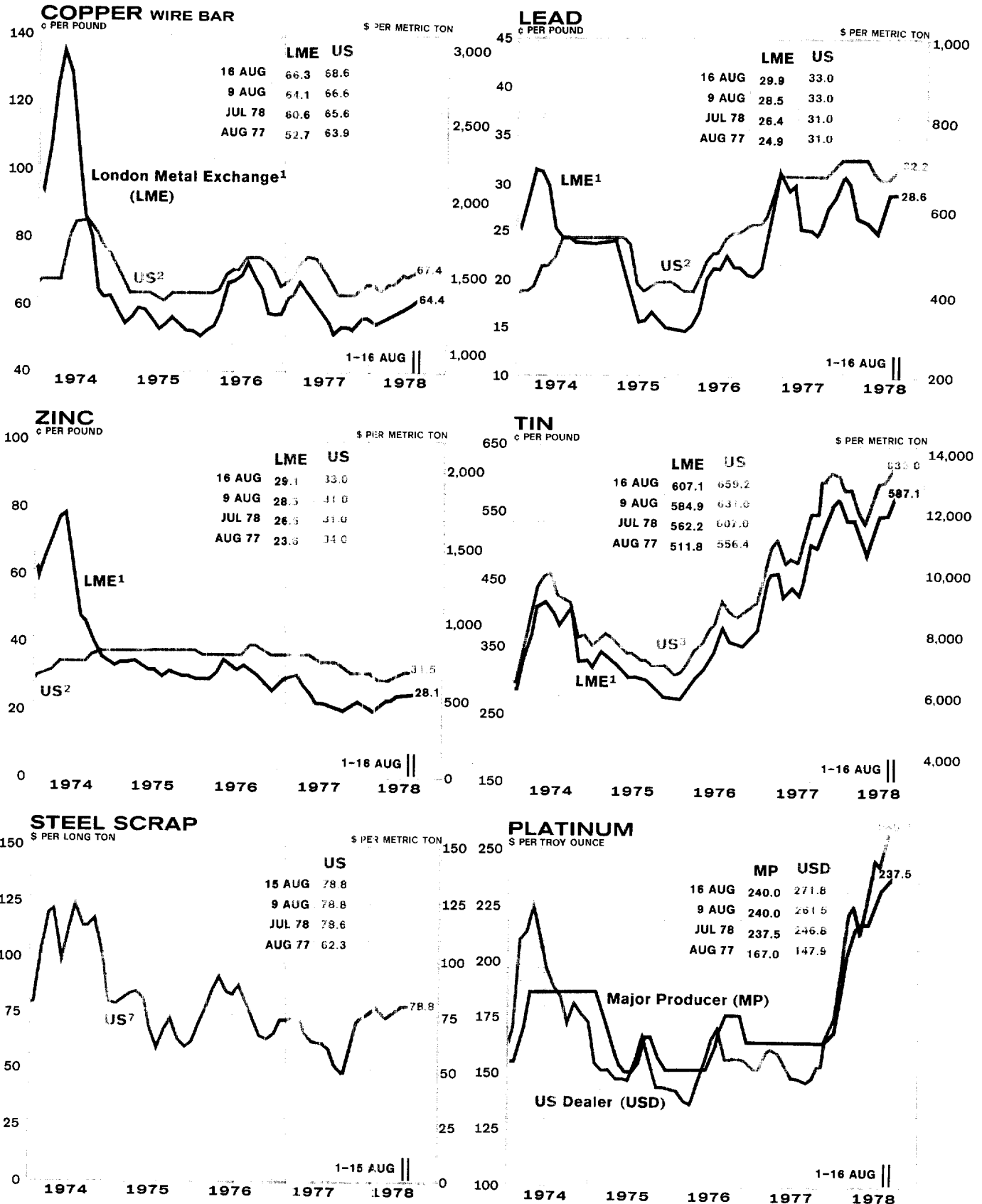




NOTE: The food index is compiled by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

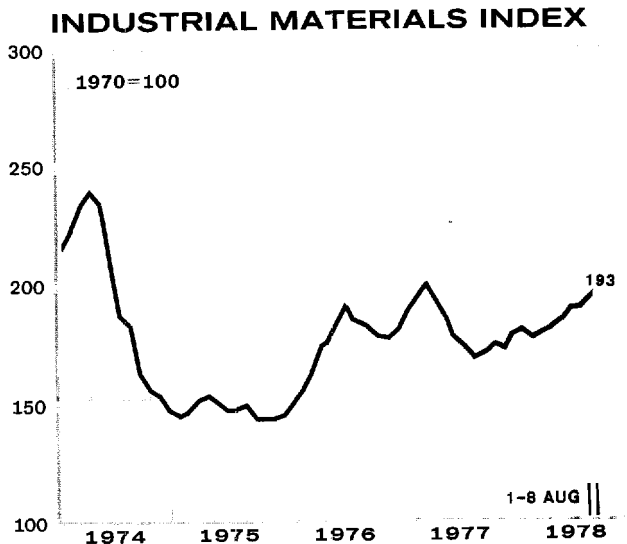
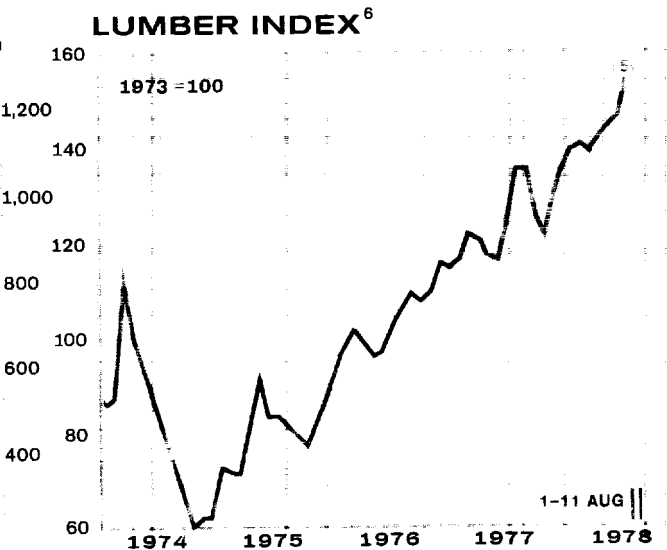
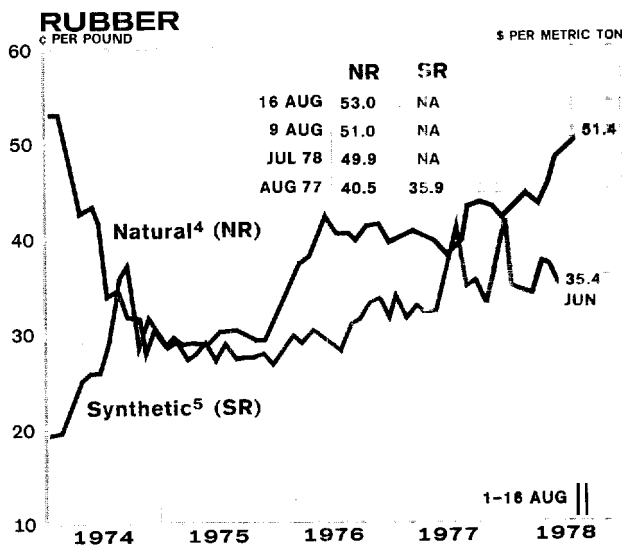
Approved For Release 2004/07/28 : CIA-RDP80T00702A000800020005-6

INDUSTRIAL MATERIALS PRICES MONTHLY AVERAGE CASH PRICE



SELECTED MATERIALS

			CURRENT	FEB 78	AUG 77	AUG 76
ALUMINUM	Major US Producer	¢ per pound	52.50	53.00	53.00	47.09
US STEEL	Composite	\$ per long ton	419.31	387.54	357.08	327.00
IRON ORE	Non-Bessemer Old Range	\$ per long ton	21.43	21.43	21.43	20.05
CHROME ORE	Russian, Metallurgical Grade	\$ per metric ton	NA	NA	150.00	150.00
CHROME ORE	S. Africa, Chemical Grade	\$ per long ton	56.00	56.00	58.50	42.00
FERROCHROME	US Producer, 66-70 Percent	¢ per pound	42.00	41.00	42.39	44.55
NICKEL	Composite US Producer	\$ per pound	2.07	2.06	2.41	2.20
MANGANESE ORE	48 Percent Mn	\$ per long ton	67.20	72.24	72.00	72.00
TUNGSTEN ORE	Contained Metal	\$ per metric ton	17,182.00	19,048.00	21,111.00	5,325.00
MERCURY	New York	\$ per 76 pound flask	163.00	162.32	116.30	110.00
SILVER	LME Cash	¢ per troy ounce	558.90	496.44	447.09	425.81
GOLD	London Afternoon Fixing Price	\$ per troy ounce	207.32	178.16	144.95	109.65



¹Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

²Producers' price, covers most primary metals sold in the US.

³As of 1 Dec 75, US tin price quoted is "Tin NY 1b composite."

⁴Quoted on New York market.

⁵S-type styrene, US export price.

⁶This index is compiled by using the average of 13 types of lumber whose prices are regarded as bellwethers of US lumber construction costs.

⁷Composite price for Chicago, Philadelphia, and Pittsburgh.

NOTE: The industrial materials index is compiled by the Economist for 19 raw materials which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

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